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What Can The Government Do To Promote Postwar Re-employment?

A Memorial To The Senate Committee On Post-War Economic Planning

By BENJAMIN M. ANDERSON, Ph. D.

(Dr. Anderson is Professor of Economics at the University of California, Los Angeles. He was formerly Economist of The Chase National Bank of the City of New York. He is Consulting Economist of the Capital Research Company, Los Angeles, and is a member of the Executive Committee of the Economists' National Committee on Monetary Policy.—Editor.)

We are faced by the demand that there must always be full employment, and that if private industry does not give it the Government must take action to assure it. The demand is made on the Government to prevent any reaction in business or employment. There must never be any liquidation periods. There must never be any reduction in wages. To prevent these things, the Government must plan, the Government must direct the course of industry, the Government must spend money, the Government must increasingly take charge of the economic life of the country.

Benj. M. Anderson

Now, I may observe, first of all, that the Government of the United States has not yet demonstrated its ability, despite very heroic measures in governmental economic planning and a very heroic spending program, to prevent unemployment in peacetime. In the years 1933 to 1939 inclusive, despite all that the Government did (or, as I believe, because of much that the Government did), we had a volume of chronic unemployment unprecedented in our preceding history. The annual average figure for unemployment at its best did not get under 6¼ millions and, through most of the time, was over 9 millions. It was over 10 millions in three of these years. We had nothing like this in the old days when our economic life was unregulated by the Federal Government and when the Government was pursuing an economical course.

But, second, let me say that the demand for full employment all the time, the demand that there shall never be any reaction or liquidation, is an erroneous demand. Of course

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The Current Monetary Situation

Dr. Spahr Criticizes Expansion And Dilution Of Money And Credit—Condemns Federal Waste And Spending —Urges Conservation Of National Patrimony

Criticism of the manner in which our money and credit—the blood stream of industry and commerce—are being expanded and diluted in ways not generally understood by the public was voiced on Oct. 19 by Dr. Walter E. Spahr, Professor of Economics of New York University and Secretary of the Economists' National Committee on Monetary Policy.

Dr. Spahr addressed a dinner meeting of the Illinois Manufacturers Costs Association, at the Hotel La Salle in Chicago, on "The Current Monetary Situation." He referred particularly to the issuance of Federal Reserve bank notes "by the Treasury through a sleight-of-hand maneuver," the provision

Dr. Walter E. Spahr

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Industry Plans For the Future

Dr. Lyon Declares Industry's Ability To Provide Full Employment Dependent Upon Adoption Of Proper National Policies

Private industry can not make adequate plans for the post-war period until it knows what measures the government plans to adopt regarding taxes, the disposition of government-owned manufacturing facilities, the termination of war contracts, the removal of war-time controls, foreign trade, and other pressing economic and social problems, Dr. Leverett S. Lyon, Chief Executive Officer of the Chicago Association of Commerce, declared on Oct. 13 in an address at the second in a series of weekly conferences on post-war goals and economic reconstruction conducted by the New York University Institute on Post-War Reconstruction.

Leverett S. Lyon

Stating that "the best thinking in the country leans toward the view that business following the war will be very active," Dr. Lyon pointed out that "the conditions to which business men will need to adjust their own companies, including a boom or depression, will depend in large part on the national policies which are adopted concerning a series of matters which are outside of any one businessman's control."

"Of the conditions which will affect business prosperity after the war, none is more important than taxes," Dr. Lyon said. "While taxes cannot be avoided, they can be so designed as to vary in the stimulating or depressing effect they have upon the prospects of

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In This Issue

Special material and items of interest with reference to dealer activities in the States of Connecticut, Michigan, Missouri and Wisconsin appear in this issue.

Sees U. S. Post-War Foreign Aid Comprising Direct Investments

The assistance which the United States will render the foreign nations in the post-war reconstruction and development of economically retarded areas will take the form of direct investments rather than long-term loans, according to a bulletin entitled "The Outlook For Post-War American Investments Abroad," issued Oct. 11 by Dean John T. Madden, Director of the Institute of International Finance of New York University.

Dean J. T. Madden

The bulletin states: "The war has brought about a great change in international investments. In contrast to the last war when a great many foreign loans were offered in the American markets and the United States Government extended interest-bearing loans to the allied and associated powers, practically no foreign private loans have been contracted during the present war. On the contrary, there has been a further rapid liquidation of outstanding foreign loans and investments. It is well known that large amounts of foreign securities previously held by investors in Great Britain have been repatriated by other members of the British Commonwealth of Nations, particularly South Africa, India, and Canada. In fact, it would not be surprising if some of the British investments in those countries are entirely liquidated by the end of the war. Repatriation has also occurred in the various Latin American countries. In addition, short-term loans have been repaid and a number of properties previously owned by American or British citizens in foreign countries have been sold to nationals of the lat-

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Enterprise in Post-War America

Leon Henderson Says Future of Free Enterprise Depends Upon Answer To A Dozen Major Questions Which He Raises

Must Be Resolved Before 1946 To Avoid Debacle—Sees Beginning Of Post-War Period Coinciding With 1944 Election

The beginning of the post-war period in America, if present military predictions come true, will coincide with the 1944 elections and will inaugurate a period of great uncertainty for American enterprise, Leon Henderson, Chairman of the Board of Editors of the Research Institute of America and former Federal Price Administrator, declared earlier this month. Mr. Henderson opened the second series of conferences of the New York University Institute of Post-War Reconstruction. More than 500 representatives of educational, labor, welfare, agricultural, health, religious, service and other groups attended. The address, on "Enterprise in Post-war America" served as a prologue to 14 weekly discussions on "Post-war Goals and Economic Reconstruction." Professor Arnold J. Zurcher, director of the Institute, presided.

Mr. Henderson reported that best informed opinion placed the defeat of Germany between June, 1944, and January, 1945, with the collapse of Japan about one year later.

"This will result in a decline of production of war goods of about 50%," Mr. Henderson said. "At present the production of war goods and civilian goods is about equal, and each is equal to the total national production for 1939." He added:

"The period of decline, after the collapse of Germany, will create tremendous changes in the national psychology, for it will bring about the first reduction in employment and affect national attitudes towards buying, saving, and national policies and politics.

"The beginning of the end of the war will coincide with the 1944 election and it will be one of the controlling elements that will produce a new situation in American history."

Mr. Henderson said that the

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Jerome Melniker Now NY Exchange Member

Jerome Melniker, partner in the Stock Exchange firm of Mervin Ash & Co., 61 Broadway, New York City, has acquired the Exchange membership of the late C. Hylan Jones. Mr. Melniker, on his return from World War I, became a runner in Wall Street and worked himself up to a partnership in Mervin Ash & Co. He will continue the association while a member of the Exchange.

Mr. Melniker was born in Bayonne, N. J., graduating from the local public schools. He later attended Reading Academy in Flemington and Cornell University, where he is a member of Pi Lambda Phi fraternity. During the first World War he served for a year and a half in France with the Fordham Hospital unit. He is a Past Exalted Ruler of the Bayonne Lodge of Elks and Past Chancellor Commander of Arion Lodge, No. 68, Knights of Pythias.

Marine Pilot Lectures To Be Given In N. Y.

Classes in Marine piloting and small boat operation and handling will again be conducted by the North River Power Squadron of the United States Power Squadron. The session, of about 10 lectures, will start on Monday night, Oct. 25, at 7:30 p.m. at the Downtown Athletic Club (19 West Street, New York City).

There is no charge for the classes and they are open to the public and members of the armed forces.

Thos. E. Adams Opens Office In Los Angeles

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Thomas E. Adams has opened offices at 215 West Seventh Street, to engage in a general securities business. Mr. Adams was formerly with Akin-Lambert Co. and in the past conducted his own investment business, Thomas E. Adams & Co.

Plastics—War & Post-War

The future of the plastics industry offers interesting possibilities according to a circular prepared by Ward & Co., 120 Broadway, New York City. A discussion of the outlook and possible lines of development for the industry and data on three leading plastics companies is contained in the circular, copies of which may had upon request from Ward & Co.

Outlook for Casualty Stocks

Laird, Bissell & Meeds, 120 Broadway, New York City, have prepared an interesting bulletin discussing the outlook for casualty insurance stocks. Copies of this bulletin may be had from the firm upon request.

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NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Challenges Legality Of Price Control Act

In answers filed in the Federal Court, on Oct. 9, by two chain stores which had been accused of violating Maximum Price Regulation 330 by the Office of Price Administration, the constitutionality of the Emergency Price Control Act of 1942 and the validity of the regulations issued under it were challenged, according to the New York "Times" of Oct. 20, which also had the following to say:

The defendants were the McCrory Stores Corporation and J. J. Newberry Company.

Both answers denied any legal violations, and went on to attack the OPA rules themselves. The Emergency Price Control Act itself requires that the OPA Administrator consult with recognized members of the department store trade before issuing such a regulation as MPR 330, the Newberry answer asserted, and it charged that he had not done so, and that the regulation therefore was without legal force or effect.

The McCrory answer maintained that enforcement of MPR 330 would have the effect of stifling competition by denying some dealers the right to sell merchandise at price levels available to others who had started in business since the regulation was promulgated.

Lehigh Valley Interesting

Raymond & Co., 148 State St., Boston, Mass., have prepared an interesting new discussion of the Lehigh Valley 4s of 2003. Copies of this memorandum may be had upon request.

Patterson Calls For Legislation Clarifying Law On War Contracts

Under-Secretary of War Robert P. Patterson urged on October 15 the prompt enactment of legislation to clarify completely the power of procurement agencies in final negotiated settlements of terminated war contracts, and to provide interim financing for contractors.

Mr. Patterson told the House Military Affairs Committee that the War Department believes it now has the power of negotiated settlement under war power acts, but that Comptroller-General Lindsay Warren has questioned the Department's authority.

In Associated Press Washington advices, it was further reported:

In a 30-page prepared statement, Mr. Patterson told the Committee the War Department had two "principal objectives: First, the fair and final adjustment of cancelled contracts at the earliest moment consistent with adequate protection of the Government interest, and, second, the provision of adequate means for interim financing of contractors whose contracts have been terminated."

To speedily settle the contracts, he said, termination adjustments must be effected by negotiated agreements that are final and not subject to reopening by any other agency.

Russell Forbes With Otis & Co. In Denver

(Special to The Financial Chronicle)

DENVER, COLO. — Russell H. Forbes has become associated with Otis & Co., First National Bank Building. Mr. Forbes for many years conducted his own investment business in Denver under the name of Forbes & Co.

When-Issued Sales Ruling

Vilas & Hickey, 49 Wall St., New York City, members of the New York Stock and Curb Exchanges, have prepared an attractive brochure on the Commissioner's ruling on when-issued sales. Contained in the brochure are the text of the ruling, and a discussion of the scope of the ruling and certain questions arising from it. Copies of this interesting booklet, together with the October Rail Calendar, prepared by Vilas & Hickey, may be had from the firm upon request.

Collateral Record For N. Y. Title & Mtg. Series

Newburger, Loeb & Co., 40 Wall St., New York City, members New York Stock Exchange, have prepared a record of the collateral securing the Series BK and Series F-1 of New York Title & Mortgage Co. Copies of this compilation may be had upon request from the firm.

The Future of Savings

Supt. Bell Opposes View That Peace Time Economic Difficulties Were Due To "Over Savings"

Says Savings Bank Paying 1½% Interest In Right Location Will Attract Deposits As Surely As A 2% Bank—States That Operating Expenses of Savings Banks Have Increased 50% In Last Eight Years But Earnings Up Despite This Because Of Reduced Dividends

"Fortified with the largest holdings in cash and government securities in their history, the savings banks can play an important role in the post-war period," said Elliott V. Bell, New York Superintendent of Banks, in an address before the annual convention of the Savings Banks Association of the State of New York, at Lake Placid, N. Y., on Oct. 12.

Elliott V. Bell

Mr. Bell went on to say:

"Now, as never before, they are in a position to finance a large volume of building, such as will be needed when wartime restrictions are removed. Their capacity to meet this need has been strengthened by what has been done in the past ten years in requiring regular reductions in mortgage principal. In meeting the post-war opportunity, we must not repeat the mistakes of the over-optimistic 20s."

Mr. Bell dissented vigorously from that school of thought which ascribed the country's peacetime economic difficulties to "over savings.". If private savings in recent years had not flowed freely into productive investments, he said, the remedy was not for the Government to confiscate savings, but to remove the barriers that had been placed in the way of private investment.

According to Superintendent Bell, the flow of deposits is again running strongly toward the savings banks and the outlook is that the savings banks of New York State will have a larger gain in deposits this year than in any other year of their history.

Mr. Bell pointed out that in the

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Attack on New Jersey Securities Act

A case of more than passing interest to interstate dealers and brokers of securities is now pending in the New Jersey Court of Errors and Appeals, the case of Wilentz, Attorney General, vs. Clifford W. Edwards. The case is important because it involves the power of an Attorney General to compel the appearance of non-residents for examination. The record and brief of the appellant, Mr. Edwards, were filed with the court in Trenton on Oct. 19. Mr. Edwards' appeal is being prosecuted by the Newark law firm of Kanter & Kanter, with Elias A. Kanter as counsel. David T. Wilentz, the Attorney General of New Jersey, and Andrew J. Markey, Assistant Attorney General in charge of the Securities Division, appear for the complainant.

It appears from the record that the New Jersey Attorney General sent a "subpoena" to Mr. Edwards of Toronto, Canada, directing him to appear in Newark to be examined under the New Jersey Securities Law. Mr. Edwards did not appear. While the Attorney General made no claim of fraud, he nevertheless brought a suit in the Court of Chancery of New Jersey in order to obtain a compulsory subpoeña against Mr. Edwards and to enjoin Mr. Edwards from dealing with securities. On the filing of the Attorney General's complaint, the Court of Chancery issued an order, returnable in Newark, requiring Mr. Edwards, among other things, to show cause why a final decree should not be made against him in accordance with the Attornew General's request. That order to show cause was delivered by registered mail to Mr. Edwards in Toronto. Mr. Edwards

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Free Dollar Proposed By Schram As Alternative To Keynes, White Currency Stabilization Plans

The establishment of a free dollar as soon after the end of the war as possible, the removal of all foreign exchange controls and the resumption of gold payments, was proposed by Emil Schram, President of the New York Stock Exchange, as an alternative to the Keynes and White plans, according to advices Oct. 19 to the "Wall Street Journal" from its London bureau, from which the following is also taken:

"Mr. Schram gave this opinion in an article appearing in the 'Financial Times' special supplement, entitled 'United States and World Affairs.'

"The Stock Exchange head believes all international transactions bi-lateral and multi-lateral, long-term or short-term, could be cleared on the basis of such a dollar, which would constitute 'sure anchorage for currencies of other nations and become a generally accepted international medium of exchange.'

"In his article, Mr. Schram forecast a post-war expansion of American investments abroad that would make the New York Stock Exchange list as diversified and international in character as those of London and Amsterdam.

"Mr. Schram visualizes the coming American generation as avid for promising risks in new romantic lands in a society disposed to reward rather than hinder the risk-taker. He foresees formation by American investment bankers of foreign corporations having names like United China Stores, Queensland Packing, Asiatic Rubber, International Tin and African Copper."

San Francisco Traders Choose New Officers

SAN FRANCISCO, CALIF.—A Nominating Committee appointed by T. W. Price, President, consisting of Elmer L. Weir, Chairman; Anthony Bottari, and Jackson Palmer has chosen the following for officers of the San Francisco Bond Traders' Association for the ensuing year:

F. A. Baker, Jr.

F. A. Baker, Jr., Dean Witter & Co., President; George G. Kammerer, J. S. Strauss & Co., Vice-President; John F. Sullivan, Bankamerica Co., Secretary & Treasurer, and for the Board of Directors: Collins W. MacRae, Wulff Hansen & Co,; Conrad O. Shafft, Shafft, Snook & Cahn; Walter F. Schag, Geo. H. Grant & Co.; Harold E. Work, Wells Fargo Bank & Union Trust Co.

Installation of the new officers will be held Friday, October 29th, 1943 at 5 p.m., at the Fairmont Hotel.

Scott, Horner Firm Adds Clarence Taylor

LYNCHBURG, VA.—Scott, Horner & Mason, Inc., Law Building, announce that Clarence E. Taylor, local manager of Thomson & McKinnon for a number of years, is now associated with them on the unlisted stock trading department.

STANY To Hold Special Meeting On By-Laws

The Security Traders Association of New York, Inc., announces a special meeting to be held at the Produce Exchange Luncheon Club on Friday, Oct. 22, at 4:30 p. m. The subject will be proposed changes, recommended by the Board of Directors, to bring the Association's by-laws up-to-date. All members are urged to be present.

Interesting Market Outlook

The outlook for the common stock of the Magnavox Company offers attractive possibilities, according to a study of the situation prepared by Cruttenden & Co., 209 South La Salle St., Chicago, Ill., members of the New York and Chicago Stock Exchanges. Copies of the study, discussing the situation in detail, may be had from Cruttenden & Co. upon request.

Tomorrow's Markets Walter Whyte Says—

Action now looks bullish but watch out for news developments. Steels and airplane stocks appear as next likely leaders.

By WALTER WHYTE

Last week the market showed signs that the stock overhead was too great for it to take, or that the market, if it intended to take it, wasn't ready. The first point of resistance on the up-side was approximately 138 in the averages. On the other side of the market picture, the 135 figure, which the market seemed to hug uncomfortably close, seemed in imminent danger of breaking. Up to this writing the 135 point is still inviolate while the 138 point is slowly being eaten into. Technically speaking, such action usually leads to more strength than weakness. But the whole structure is so weak, or rather, gives the appearance of weakness, that to enter into the market wholeheartedly is far from advisable.

* * *

On the news-side the reports we hear seem uniformly good. At least the war trend seems to have definitely turned against the Axis on all fronts. But, as I explained last week, the market is more concerned with international politics than it is with the outcome of major battles.

* * *

The important news, for the next few weeks at any rate, will come from the Three-Power Conference in Moscow. We have all read the Moscow statements that the only thing Russia is interested in discussing is a second front. Whether or not that will be all to be discussed is open to considerable question. Power politics, which may affect all of us for a number of years to come will undoubtedly also come up for discussion.

* * *

The market, quite aware of the possible ramifications of the Moscow meeting, seems to be acting as if the problems to be discussed will be ironed out satisfactorily.

If this conference were

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Passage Of Bailey-Van Nuys Bill To Retain Insurance Business Under State Control Urged

The New York Board of Trade has endorsed the Bailey-Van Nuys bill and strongly urges Congress to enact the measure. The measure—"to affirm the intent of the Congress that the regulation of the business of insurance remain within the control of the several States, etc."—was introduced in the Senate on Sept. 21 by Senators Bailey (Dem., N. C.) and Van Nuys (Dem., Ind.), Chairman of the Judiciary Committee.

A petition to Congress to pass the legislation has been addressed by Floyd N. Dull, President of the Board of Trade, to New York Senators and Representatives and to members of the Judiciary Committees of Congress. In a letter Oct. 11 to Senator Van Nuys, Chairman of the Senate Judiciary Committee, Mr. Dull said:

"There is only one point at issue but it is a point of tremendous significance both to our economy and to our political structure. The business of insurance is now closely and efficiently regulated in each of the sovereign states. There is not the slightest reason in the public interest why the Federal Government should exercise additional supervision over this business. Attempts have been made in this direction which have resulted in lost time, lost effort, and great expense, all of which we, in this country, should be conserving.

"We believe that this bill, if enacted at this time, will serve another great purpose than merely extending justice to the insurance industry. It would be a timely reaffirmation to the intent of Congress to retain the traditional American concept of the Federal Government being a union of many sovereign states. It may also serve to arrest the efforts of some individuals employed by our Government who believe their chief responsibility is to harass American business. This bill, as drawn, is a clear and concise expression of the intent of Congress. It puts an end to temporary interpretations by various administrative officials. We earnestly appeal for its passage."

Air Line Subsidiary Formed By Two RRs.

Eagle Airlines, Inc., a jointly owned Delaware corporation, has been formed by the Missouri Pacific Lines and its subsidiary, the Texas & Pacific Railway, to operate over a 6,000-mile domestic network, it is announced.

Application has been made to the Civilian Aeronautics Board by the airline for permission to link 108 cities with 16 separate local routes and to offer through service between cities served by one or more of the local routes. Helicopters will be used as well as planes.

Terminals of the air routes, which will parallel the railroads' present routes, will be in St. Louis, Memphi, New Orleans, Brownsville, Laredo, El Paso, Pueblo and Omaha.

Pacific Power & Light Situation Looks Good

The 7% and $6 cumulative preferred stock of Pacific Power & Light Company offers a situation with interesting possibilities, according to a discussion contained in the October "Preferred Stock Guide" issued by G. A. Saxton & Co., Inc., 70 Pine St., New York City. Copies of the "Guide," which also lists quotations on unlisted public utility preferred and common stocks, may be had from the firm upon request.

Railroad Securities

Prospects for eventual consummation of the St. Louis-San Francisco reorganization brightened materially last week when Federal Judge Moore authorized the distribution to creditors of close to $22,000,000 in cash. When requests for these payments had been made the trustee of the road had testified that the road had in excess of $31,000,000 of cash in its treasury.

The most important utilization of cash is to be in respect to the compromise settlement of the claims of the RFC and the RCC. Litigation on the treatment of these two creditors had threatened to hold up the reorganization indefinitely. The two credit agencies will receive a total of $5,804,575 (the RFC gets by far the largest share) in full settlement of their claims for principal and interest. Treatment of these loans as proposed in the original Interstate Commerce Commission plan had been disapproved previously by Judge Moore on the grounds that they had been given unwarranted preferential consideration at the expense of other bondholders. Appeals to the higher courts by the credit agencies would have meant serious delays.

Elimination of these interests from the reorganization proceedings should allow a relatively speedy settlement of any differences there may exist between the holders of the various publicly outstanding bonds. In effect there are only two liens directly interested in the questions of earnings segregation and relative earning power and importance of the different sections of the system. These are the Kansas City, Fort Scott & Memphis, 4s, 1936 and the Prior Lien 4s and 5s, 1950. The other publicly held bond issue affected by the reorganization, the Consolidated 4½s, 1978, has no direct claim on property earnings. It ts dependent on the pledge of both Kansas City, Fort Scott & Memphis 4s and bonds of the Prior Lien mortgage and will be treated on the basis of allocations of new securities to this pledged collateral.

In addition to compromise of the RFC and RCC claims, the recent court authorization calls for distribution of $16,047,377 to bondholders on account of accumulated back interest. The Prior Lien 4s and 5s, 1950 are to receive one full year's interest and the Fort Scott 4s are to receive four year's interest. As in the case of security allotments, the Consolidated 4½s will receive interest on the basis of income received from the pledged collateral, amounting to a little more than a full year's interest—$48.91. At recent markets the payments will reduce the "net" price of the Prior Lien 4s and 5s to 31½ and 32¾, respectively, and the "net" price of the Consolidated 4½s to 29¾.

It may now be taken for granted that the various issues outstanding with the public will receive more liberal treatment than originally proposed by the Commission. For one thing, the securities originally allocated to the RFC and RCC will now be available for redistribution. The two agencies had been allocated a total of roundiy $12,400,000 of new securities of which $8,443,000 was in new first mortgage bonds. In addition, late last year $6,506,000 of underlying bonds, which had been allocated new fixed interest divisional liens par for par, were paid off and their proposed securities will most likely be redistributed. There will be approximately $15,000,000 of new 1st Mortgage bonds thus available for redistribution, along with smaller amounts of junior securities.

The bonds to participate in this redistribution were originally allocated $53,348,000 of new 1st

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Supreme Court Sustains Employer's Right To Voice Views On Union Election

Rejecting a request of the National Labor Relations Board, the United States Supreme Court refused Oct. 18 to interfere with a lower court ruling that an employer could express his views about workers voting on union representation, provided there was no coercion and the company abided by the result. Judge Learned Hand of the Second Circuit Court had held that under the constitutional right of free speech the NLRB could not charge unfair labor practices against the American Tube Bending Co. of New Haven. The Supreme Court denied a Governmental appeal for a review of his finding.

The Labor Board's ruling had set forth that prior to a vote of employees the Tube company's president had sent a letter and made a speech to them suggesting that they would find bargaining directly with the management a better plan than through a union.

In a brief to the Supreme Court Arthur L. Corbin Jr., and Luke H. Stapleton of New Haven, counsel for the Tube company, stated that there was not "one scintilla of evidence" in the record where a "reasonable man could find the slightest restraint or coercion" or a violation of the Wagner act.

The "moderate utterances" of the company's president, they argued were within the protection of the First Amendment to the Constitution, which guards freedom of speech. Quoting a Supreme Court decision in the Virginia Electric & Power Co. case, they continued:

"In this case, as in the Virginia Electric case the speech and letter complained of set forth the rights of the employees to do as they pleased without fear of retaliation by the company.

"Since there are no surrounding circumstances upon which the board might rely to sustain a finding of coercion, it now seeks to supply the deficiency by lifting parts of the utterances themselves from their context and by applying an interpretation of the Virginia Electric decision, which, it is submitted, is entirely foreign to that decision."

Charles Fahy, Solicitor General, and Robert B. Watts, counsel for the NLRB, in their brief, said:

"The privilege of free speech is not available where, because of the economic dependence of the listeners upon the speaker and the compulsion upon the listeners to give heed, the adjurations of the speaker pass from the realm of free competition of ideas into that of coercion."

They denounced the company president's messages to the employees as "unmistakable anti-union electioneering documents which the employees were not at liberty to ignore." As to his address, they said:

"The employees were not free to disregard the summons to hear the speech; nor were they free to disregard official communications from the management.

"Since the employer's utterances were properly found to have a coercive and restraining effect, the interference with the right of self-organization guaranteed to its employees cannot be justified on the score of a privilege of free speech."

Declaring the case "neither unique no sporadic," the Government counsel said that the "very language" used by the company president had been adopted by a substantial number of employers since Judge Hand's decision.

"Objections to elections because of campaigning by employers are very numerous," they added.

"Election disputes at present constitute the greater bulk of the (labor) board's cases.

"Unless the decision is reversed, it will become increasingly difficult for the board to conduct its elections in an atmosphere of neutrality which it deems essential to the fairness of the election procedure."

Interesting Situation

First Mortgage bonds of Chicago Surface Lines offer interesting possibilities, according to an interesting circular issued by Brailsford & Co., 208 South La Salle St., Chicago, members of the Chicago Stock Exchange. Copies of the circular listing ten reasons for their favorable view of this situation, and the current issue of the firm's leaflet on Chicago Traction Highlights may be had upon request from Brailsford & Co.

Proposal to Relax Listing Requirements On Local Issues—SEC Action On Exemptions Expected

The Securities and Exchange Commission is expected shortly to take action on the proposed rule X-3A-12, providing for the exemption of certain local securities from section 12(A) of the Securities Act. The purpose of the rule is to relax listing requirements for securities, the market for which is predominantly local or intrastate. Its crux is the provision that in the first place consent of the issuer has to be obtained, and second, that any securities which a stock exchange proposes to add to its list under the rule would have to be covered by a plan which the exchange would file with the commission, and which, if the commission did not disapprove, would permit the securities to be traded on the applicant exchange.

The "Herald Tribune," in a special Philadelphia press dispatch, further comments as follows:

"It is understood that the Chicago, Boston, San Francisco, Los Angeles and Cleveland exchanges have indicated their intention to develop plans whereby they could list securities under the provisions of the proposed rule.

"When the proposed rule was first promulgated by the trading and exchange division of the SEC, drafts were mailed to many interested parties with requests for comment and criticism.

"It is understood that many replies have been received, some of them with suggestions for modification of certain elements of the rule, while others were critical.

"As originally drafted, the proposed rule did not permit the extension of credit on securities which might be listed by the regional exchanges. It is understood that a number of persons suggested amending the rule to open the way for the extension of credit where necessary, and the commission staff has concurred.

"Otherwise the proposed rule will be presented to the commission for adoption or rejection, or further amendment, substantially as in the original draft of July 7.

"Apparently the position of the trading and exchange division is that the rule is meritorious in that the securities would be listed on the exchanges, thus providing a medium for more information concerning the affairs of the issuer for the potential investor, if the exchange required annual or periodic reports. Another advantage, according to the commission staff, would be that the trading would be public and interested investors would be able to get the exact market quotations at any time.

"The over-the-counter dealers are reported to feel that, in view of the fact that securities would be attracted to the regional exchanges under the provisions of the proposed rule, it would strip that market of such issues, since the source of issues for listing under the rule is the over-the-counter market."

"Our Reporter On Governments"

By S. F. PORTER

There's no sense in denying it. . . . The Street—and by "the Street," we mean all the financial districts of the nation—was miserably disappointed in the way the new bonds got off to public trading. . . . Premiums, sure. . . . Premiums of 8/32 on the 2s and of 3 to 5/32 on the 2½s, as predicted. . . . But there the bonds stopped for a while. . . . In contradiction to the general expectation of a quick, nice rise to the ⅜ and ½ level. . . . As for buying from banks, that has not developed to any extent so far. . . . In fact, there has been all kinds of talk around about the probability that it won't develop for several days, maybe a few weeks. . . . And as for the general market, well, you know it hasn't been acting up to expectations. . . . Not until just the last three days. . . .

This observer admits without any hesitation that the market as it has acted since the third war loan opened for trading has been contrary to forecasts. . . . Not only those appearing here but those mentioned in private conversations and in market letters by other close students of Government bonds. . . . Frankly, there's not a dealer in Wall Street who is satisfied with the situation. . . . Most of them are "loaded" or near loaded with the 2 and 2½s and were looking for quick bank buying. . . . And while we have a half-dozen reasons to mention to justify the slight reaction at the start, none of them seems to stand up against the long-term, major factors. . . .

To mention the obvious possibilities behind the recent slip-off, here are a few you may like to consider. . . .

The excess reserve situation at the moment is not too comfortable. . . . Banks have excess funds—$1,610,000,000 reported last week—but the distribution of these reserves is bad . . . . Exceedingly bad. . . .

Money is "tight" in many banks in large cities . . . . Is easy in the smaller communities where major buying of Governments rarely occurs. . . . .

The "tightness" accounts for the banks holding off from the market for the time being . . . . Not for any length of time but for these few days, anyway. . . .

The banks have just finished with a $3,000,000,000 deal. . . . Minor enough and certainly many banks obtained mighty few bonds on a 5% limitation for subscriptions and a 25% allotment basis. . . . But they have some bonds. . . . And they're apparently taking their time in deciding how and when to round out their positions. . . .

There's a technical situation within the market itself which accounts for the unusually slow start. . . . Dealers have plenty of bonds . . . . Are now thinking in terms of sales, not purchases. . . . They're not liquidating, of course, but they're just sitting . . . . Which doesn't give the market any real basis for high prices at this time. . . .

The tax situation is as bewildering as it has been at any time in recent months. . . . General knowledge is higher corporate taxes are coming, but there's no feeling of confidence on the amount. . . . Meanwhile, corporations also are sitting tight, waiting for clarification. . . .

There you are—add the excess reserves situation to the technical position to the money tightness to the recent offering and you've justification aplenty for the sloppy market. . . . But just reasoning why is not sufficient. . . . This observer still thinks in longer-term factors. . . . And this observer is willing to go on record with the statement that this early October sell-off is one of those "squeeze" plays and that the market as of today is "dirt cheap". . . .

RESERVES?

From one large-scale dealer comes the prediction that something will be done soon to ease the excess reserves picture through the

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Sees U. S. Aid To Foreign Nations In Post-War Reconstruction Consisting Of Direct Investments

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ter. At the end of the war, therefore, the international indebtedness throughout the world will be much smaller than at its outbreak."

The bulletin continues: "It is generally believed that in the post-war period the United States Government will continue to play a dominant role in the economic reconstruction of the world. While the United States Government, through the Office of Foreign Relief and Rehabilitation Operations, will do its utmost to prevent starvation and suffering, it cannot be assumed that the United States Government will grant large loans or make outright gifts to foreign countries. Neither may a continuation of Lend-Lease on a large scale be expected. Beyond the initial aid in the form of food, clothing, medicines, and seed and the cooperation in the stabilization of currencies, the reconstruction of Europe and the East will have to be carried out primarily with the aid of private enterprise.

"Under certain conditions American private enterprise may play a very important role in developing the economically retarded areas of the world, as well as in aiding the reconstruction of industries in countries that have suffered severe damages during the war. The methods that private enterprise will employ in investing capital abroad will not be uniform, and will depend upon economic and political conditions in the individual countries. In some countries, the imported capital will be in the form of plants, constructed, owned and operated by American corporations. This will be the case particularly in backward countries where there is no local capital available and where the economic and technological status of the people precludes their immediate participation in the management of the enterprise. In more advanced countries, American capital will participate with local capital in establishing jointly owned and operated industries. In some European countries American participation may take the form of investments in stocks of existing companies requiring additional capital for rehabilitating their plants. The participation, therefore, of American private enterprise in the development of economically retarded countries and in the reconstruction of devastated areas will be primarily in the form of direct investments.

"Conditions in the United States at the termination of hostilities will be favorable for such a development. (1) There will be a surplus of productive capacity in many lines. In addition, high wages will induce many corporations to replace their equipment with the latest labor-saving machinery. The displaced equipment, though it could not be used profitably in the United States, will still be useful and profitable in countries where the cost of labor is lower than in the United States. (2) Taxes in the United States are bound to remain high for a considerable period after the war and undoubtedly will be higher than in many other countries, particularly those economically retarded. The lower taxes prevailing in these countries are likely to attract American capital. (3) Many more Americans will be familiar with economic and political conditions in foreign countries than ever before. (4) Foreign countries will welcome the establishment of American plants, for this will enable them to develop their natural resources, provide employment, and raise the standard of living of the population."

In comparing direct investments abroad with foreign long-term loans the bulletin states:

"Direct investments abroad have a number of advantages over loans, particularly those made to foreign governments and political subdivisions. Direct investments result in an immediate increase in the productive capacity of the capital importing country. This is not always the case with loans, since the proceeds have often been used for other than the stipulated purposes and a portion thereof wasted. In many instances, the advantages derived by the borrowing country were not commensurate with the obligations assumed. Direct investments are also accompanied by technical and managerial skill from the capital-exporting country, which is seldom provided in the case of foreign loans. Above all, direct investments are not likely to create a transfer problem as serious as that resulting from large borrowing abroad.

"The flotation of a bond issue in a foreign country creates immediately an obligation to pay in foreign exchange a fixed annual amount of interest, and usually also a stipulated amount of amortization. If the debt service is not remitted as required by the loan contract, because of the borrower's inability to obtain foreign exchange, the failure constitutes a default which impugns the credit standing of the borrower. As a rule, the default is accompanied or preceded by foreign-exchange restrictions and numerous regulations devised to control the volume, composition, and geographic distribution of the country's foreign trade, as witnessed on a large scale during the dperession of the 30s. On the other hand, an equity investment creates no fixed obligation, the investor's return being contingent upon the profitable operation of the enterprise. An American corporation which establishes a foreign subsidiary, or constructs a plant abroad with or without the participation of local capital, does not expect the new enterprise to make profits from the inception of operations. It takes some time before a new enterprise reaches the break-even point. Morover, no sound management would disburse the profits of the first years; such profits are generally retained to provide reserves against eventual losses and for improvement and expansion of the plant.

"Transfer problems, as a rule, arise in periods of economic depression. During such periods profits of corporate enterprises decline or are replaced by losses and, hence, there is no problem of transferring funds abroad for dividends and profits. Furthermore, the inability of an enterprise, because of Government regulations, to obtain foreign exchange for payment of declared dividends to stockholders abroad is not a default. The funds remain in the country and may be used for further investments, thus increasing the productive capacity of the country. One may conclude, therefore, that direct investments are in all respects far superior to long-term loans as a means of exporting capital.

"The often made statement that direct investments of American capital abroad will lead to the industrialization of foreign countries and thus create competition to the United States is not correct. Industrialization invariably causes a change in the composition of the foreign trade but it also leads to an increase in the volume of trade. This was conclusively proved by the effect of the industrialization of Japan and Canada on their respective foreign trade. As a rule, industrialization leads to a rise in the standard of living and thus creates a demand for types of commodities for which there was previously no demand."

In discussing the need of a national plan of procedure in making direct investments in foreign countries the bulletin states:

"It would be advisable to organize an American committee on foreign direct investments composed of representatives of such organizations as the National Association of Manufacturers, the Chamber of Commerce of the United States, the Investment Bankers Association, and other organizations interested in sound economic relations between the United States and foreign countries. This committee, in cooperation with the various government departments and agencies, such as the State Department, the Department of Commerce, the Department of Agriculture, the Office of Economic Warfare, and the Export-Import Bank, should study the natural resources, economic potentialities and industrial needs of foregn countries. Specifically, the following information should be obtained: (a) the types of industries that could be successfully developed in each country and (b) the most suitable form of organization from the standpoint of ownership, that is, whether the enterprise should be owned entirely by Americans or jointly by American and domestic capital. The committee should ascertain the attitude of the foreign governments toward foreign direct investments and study the tax systems and the laws relating to development of natural resources and industries. Thus, the committee would be in a position to advise American concerns as to which country is most suited for their plans and the best procedures to follow in establishing factories abroad."

SEC Clears Strasburger

Proceedings against Leroy A. Strasburger & Co., 1 Wall Street, New York City, to determine whether the firm's broker-dealer registration should be revoked for alleged violations of the Securities Exchange Act of 1934 have been dismissed by the Securities and Exchange Commission.

No evidence had been found to sustain the allegations that the company willfully violated sections of the act through manipulations of lower-grade railroad bonds, giving false or misleading statements, or failed to keep required books, the Commission stated.

The charges involved Frank J. Shakespeare, who took charge of a separate department of the company to trade in railroad bonds. The transactions involved were made in April, 1941, by Mr. Shakespeare in bonds of the Peoria & Eastern Railway Co., a part of the New York Central system.

Public Utility Securities

Standard Gas & Electric

Standard Gas & Electric is one of the more vulnerable holding systems under the regulations imposed by Section 11 of the Utility Act, but the company has been cooperating with the SEC toward an eventual solution of its problems. A beginning was made over three years ago in a program designed to exchange its holdings of common stocks of subsidiaries for the six issues of debentures and notes, but this original plan proved too slow and was superseded this year by a new proposal, now being considered by the SEC. One company, San Diego Gas & Electric, was disposed of, partially through exchange of stock for bonds and later by outright sale of remaining shares.

The plan now under discussion, which was filed March 24 this year, provides for reduction of the six bond issues and four classes of stock to one short-term loan and A and B common stocks. The bonds are to receive $500 per bond in cash, plus shares in California Oregon Power, Mountain States Power and Standard Gas A common. The cash required to make this payment would be obtained through a three-year collateral bank loan, plus sale of the investment in Pacific Gas & Electric common stock. Holders of the $7 prior preference stock would receive 7.3 shares of the new B common and the $6 prior preferred would obtain 6.3 shares, while the $4 second preferred would receive only .23 share and the common would receive no consideration.

The new A common will be entitled to cumulative preference dividends up to 85 cents a share annually. No dividends will be paid on series B stock as long as any of the proposed $21,000,000 collateral bank loan remains outstanding. The loan will be retired out of earnings and proceeds of sales of properties. Securities to be pledged under the loan would consist of substantially all securities owned except those to be distributed or sold under the plan, together with part of the common stock of the Philadelphia Co. Eventually after Standard has disposed of its scattered subsidiaries, it will retain and probably merge with its sub-holding company, Philadelphia Co., which controls the most important system property, Duquesne Light, operating in Pittsburgh.

Standard Gas during the 1920's was a "horrible example" of a holding company pyramid. As many as eight or 10 tiers of holding companies were superimposed over some of the operating companies. Top holding companies included two Byllesby companies, U. S. Electric, Standard Power & Light, etc. U. S. Electric has been eliminated and Standard Power & Light is now merely a "shell" of a company. Elimination of Standard Gas common under the new plan will remove the Byllesby-Emanuel and affiliated interests from their former dominant position, putting control principally in the hands of the prior preference stockholders. Several years ago Leo T. Crowley was installed as Chairman and President, but due to the multiplicity of his Government duties, he was granted a leave of absence in July of this year.

While it is difficult to appraise the progress of the plan, it is felt that it is likely to receive respectful consideration by the SEC, in view of the careful efforts made to effect a compromise between the claims of the bondholders and of the prior preference stockholders—as well as the prestige which Mr. Crowley enjoys in New Deal circles (he was recently praised as an administrator by President Roosevelt). It is true that some bondholders have opposed the plan as giving them inadequate consideration, and of course it is possible that their representatives might appeal to the courts against the SEC, should the latter approve the plan.

Aided by the provisions of the 1942 tax law, which permit consolidated returns, system earnings have improved sharply in the past year. For the 12 months ended June 30, 1943, consolidated earnings were equivalent to $12.92 per share on the prior preference stocks, which are currently selling to average about 2½ times such earnings. Under the plan there will be considerable dilution of these earnings due to the operation of the preference provision of the A stock, etc. The preference feature will disappear when the bank loan is retired—i. e., when the sales of subsidiaries are completed—and both stocks will then be on the same basis. However, the investing public will doubtless place a higher appraisal on earnings once the system has consolidated its position and "cleared" Section 11 requirements.

The longer-term outlook for the prior preference stocks is naturally dependent on the success of the plan, as well as future progress with a sales program and trend of utility taxation (due to the high leverage, taxes are a most important factor in earnings). If current earning power can be sustained, the prior preference stocks (which frequently are subject to wide price swings) seem to enjoy appreciation possibilities, but holders of the $4 preferred and common would probably find it advisable to switch their holdings into the senior issues.

Municipal News & Notes

Financial position of the City of Philadelphia has been materially strengthened by a gradual reduction in its net funded debt from the high point reached in 1932, and this favorable trend has been accelerated by the balancing of city budgets since 1940. These facts are set forth in a report of the City Planning Commission, made public last Saturday through its Chairman, Edward Hopkinson, Jr., senior partner of Drexel & Co., Philadelphia investment banking firm.

By the end of the present year the gross funded debt of the city will have been decreased by over $92,000,000 from its high point of $568,800,000 in 1933, the report states. At the same time the net funded debt will have been decreased by almost $100,000,000.

The report, entitled "The Finances of the City of Philadelphia," was prepared for the Commission by the Institute of Local and State Government of the University of Pennsylvania. The Institute's study was made to enable the Commission to obtain a clear and accurate picture of the city's financial capacity for building needed improvements and as a background for the Commission's future planning work.

The struggle to work out of the financial difficulties of depression days is clearly portrayed in charts, tables and conclusions of the 87-page report which brings down to date "The Financial Analysis of the City of Philadelphia" made in 1937 for the Advisory Finance Commission of which Dr. Thomas S. Gates was Chairman.

"Annual expenditures for interest and retirement of debt are now 4⅓ million dollars less than in the peak year of 1935," a summary of the report states. "Because the funded debt is decreasing, the cost of debt service will continue to decrease. There will be less interest, less reserve necessary to pay principal at maturity, and less State tax on funded debt. Furthermore, because of refunding operations, the interest costs will be less than they would be otherwise."

The report points out, however, that despite the improvement in the financial position of the city during recent years, the greatly reduced assessed valuation of taxable property may not support additional bond issues for other than self-supporting public improvements in the near future. In this connection, it is pointed out that the large decreases in public debt of the past eight years and the certainty of further decreases "indicate that hope that funds may be available out of current revenues for future physical improvements, even though bonds may not be issued for projects which are not self-liquidating."

"The total revenue of Philadelphia per capita, including school tax proceeds, is next to the lowest of the 14 largest cities of the country, and the cost of governmental service is correspondingly low," the report states.

"This is particularly significant in view of the large funded debt."

Syndicate Ready To Bid For Chicago Transit Unification Notes

A nation-wide group of investment banking firms and municipal bond houses, headed by Harris, Hall & Co., Inc., Chicago; The First Boston Corp., and Blyth & Co., Inc., and consisting of 100 other firms, has advised Mayor Edward J. Kelly of Chicago that it is ready and willing to enter a bid on the revenue certificates that would be issued by the city under the Mayor's proposal for municipal ownership of local transportation facilities.

News that the syndicate had been formed and was ready to enter a bid for the proposed new securities was disclosed shortly after Mayor Kelly had recommended to the City Council that immediate steps be taken by the city looking to the acquisition of the properties of the Chicago Surface Lines, the Chicago Rapid Transit Co. and the Chicago Motor Coach Co. He proposed that municipal revenue certificates, to be paid solely out of revenues of the unified transit system, be issued to finance the purchase of the facilities, and suggested that the Reconstruction Finance Corp. might be interested in the certificates.

The syndicate's offer to bid on the proposed certificates would be subject to certain conditions, including the requirement that the proposed new unified municipal transit system be administered by a non-political management and that all important safeguards be taken to protect the investment of purchasers of the obligations. Both of these condition would appear to be covered in the unification plan offered by Mayor Kelly, which was referred to in Chicago press advices of Oct. 15 as follows:

In his plan for the municipal-owned unified system, the Mayor recommended that a transit board, composed of responsible citizens not holding elective offices, be formed to administer its affairs. Executives, department heads, and the entire organizations of the existing local transportation companies would be retained by the municipal system under the Mayor's plan.

He also mentioned in his proposal to the City Council that an approving opinion of the Illinois Supreme Court would probably have to be obtained before the new municipal revenue certificates were sold.

He pointed out that the city had the legal authority to acquire the properties by condemnation, but because of the long delays that would result, he recommended that the properties be acquired through negotiation with the three companies.

No mention was made of the total amount of financing that would be required under the proposal for municipal ownership. Under the plan, rejected by the Illinois Commerce Commission last May, which provided for the merger of the Chicago Surface Lines and the Chicago Rapid Transit Co., a total of $179,000,000 of new securities was to have been issued to present security holders of the two companies. The Chicago Motor Coach Co. has placed a $10,000,000 valuation on its properties.

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The Current Monetary Situation

(Continued from first page)

for selling the silver security behind silver certificates, the issuance of invasion money, and the outward movement of gold without Congress or the American people being fully informed regarding what is taking place.

Dr. Spahr pointed out that in the face of the great expansion of our money and bank deposits, the velocity of deposits has been making record lows in recent years, that today it is still below the level of July, 1932, and that bank debits are approximately 25% below those of 1929. He said that these are important indicators of the degree to which private enterprise is depressed today, and he emphasized that at the same time this low velocity of deposits revealed a very great potential danger which is not commonly recognized today. He pointed out that, with our huge supply of bank deposits, this nation would experience a tremendous expansion in the use of money and deposits if the velocity should equal that of 1929.

The silver bloc, according to Dr. Spahr, has embarked upon a new maneuver in behalf of the silver interests by launching a movement for international bimetallism, and this movement, he said, was chiefly a nuisance and a waster of people's time. He pointed out that there are two groups in Congress temporarily quiescent which may become dangerous when we are finally faced with the question of disposing of the Federal debt. One of these groups is a fiat money group; the other is a group who would devalue the dollar radically.

Dr. Spahr thought that Congress would probably be wise, and could perhaps defeat these dangerous groups, if it provided for a perpetual debt which he thought could be absorbed by our large investing institutions.

He condemned the cynical wastefulness, and the reckless and frivolous spending, on the part of our Federal Government, and said that this dissipation of our national patrimony had reached such colossal proportions that the American people are stupified. He predicted that some day this lethargy would give way to a bitter realization of what this spendthrift orgy means, and that this governmental spending policy would prove to be one of the sorriest chapters in the history of this nation.

Professor Spahr pointed out that besides the spending orgy in which our Federal Government is engaged, the Administration has two other major obsessions; one, to keep the price level steady at all costs, and the other, to bleed the people white through taxation—both to prevent or to minimize what it calls "inflation."

The speaker said that he thought some of the tax burdens are now too high or unwise in nature, and commended the tax program recently recommended by the American Bankers Association. He said that it would be infinitely better for the government to engage in some wise economies than to attempt to tax the people and private enterprise much further. He said that he had the impression that many people think that the story of the "Goose That Laid the Golden Egg" is indeed a fable where private enterprise and capital are concerned.

As to the policy of attempting to maintain a stable price level, Dr. Spahr warned that we would do well to put first things first, and that the first thing is an increase in production—civilian as well as war—prices being a secondary consideration. He reviewed our obsession with the virtues of a stable price level in 1923 to 1929. He pointed out that harmony of prices is far more important than a stable price level which is, after all, he said, a mathematical abstraction. In those cases in which rising prices would not induce greater production, price controls, with all the risks involved, should, he said, be used during the period of the war. In all other cases, he recommended that prices be left free to reflect the forces of supply and demand. "We talk of war involving sacrifices," said Dr. Spahr, "but we try to avoid them by price controls which at the same time impede production and restrict the amount of income that would otherwise be available for taxes; then we turn around and force sacrifices in the form of very heavy taxes which also endanger production!"

In conclusion the speaker said:

"I should like to urge that we seek to conserve our national patrimony; that we cease planning how to give away the United States; that we weigh more carefully than we seem inclined to do the current programs which are concerned more with how to divide up what we have than they are with how to increase production; that we consider whether some of our programs to save people from want and fear do not overlook the fact that fear and dread of want are two of the greatest stimulators of human activity; that we consider the awkwardness of our position in promising to save the people of many nations from want and fear in the face of our poor showing in little Puerto Rico which, according to Governor Tugwell, is no better off than it was when it was won from Spain in 1898; and that we come to a realization again that our standard of living can be raised only when we work hard and save and produce more goods and services for us all."

Dr. Spahr's remarks follow in full:

The Blood Stream of Industry and Commerce

Today our money and credit, two of the most basic elements in the blood stream of industry and commerce, are being polluted or diluted in subtle and devious ways. Apparently this is being done under the theory that some dilution here and some pollution there will do no harm so long as the people in general do not appreciate the steps being taken, and since popular awareness and protest are likely to come only after it is too late for them to be effective.

All this seems to be regarded as a species of clever management. But it is the money and credit of the people of the United States that is being managed in this manner.

The Expansion of Our Money and Bank Deposits

Some of these diluting and polluting processes reveal themselves in the expansion which has taken place, and is continuing, in our supply of money and bank deposits.

Today our money in circulation stands at approximately 19 billions of dollars.

This is nearly 4 times the 4.8 billion dollars of September, 1929, and the 4.9 billion dollars of September, 1926. It is over 3.5 times the 5.4 billion dollars of May, 1920, when our wholesale price level was at the highest level in our history—167 per cent of the 1926 base. Our price level now is 103 per cent of the 1926 level.

Our gold stock of slightly over 22 billion dollars is 5 times the 4.4 billion dollars of September, 1929, and almost 8 times the 2.8 billion dollars of May, 1920.

Our total time and demand deposits in banks stand at 88.5 billion dollars, as of December, 1942. They are 38 per cent greater than the 55 billion dollars of December, 1929, and almost 2.4 times the 37.7 billion dollars of May, 1920.

These great expansions in our money in circulation, gold stock, and bank deposits, along with the fact that our price level is now 103 as compared with 95 for 1929, 100 for 1926, and 167 for May, 1920, point to a most important fact to bear in mind about money and deposit currency—namely, that it is a two-dimensional thing. One of these is supply, the other is the velocity or the rapidity with which this currency is used.

The Present Low Velocity of Our Bank Deposits

Quite often velocity is the more important of the two factors in controlling the total purchasing power being used. For example, since 1933 the velocity of deposit currency has been at a very low level, and today it is still below the level of July, 1932, when the depression hit bottom.

In 1929 the velocity of demand deposits in banks in 101 reporting cities was 67 times per year—that is, a billion dollars in 1929 was doing 67 billion dollars worth of business. At the depth of the depression in 1932, the velocity of deposits in these banks was slightly less than 21 times per year. In four months of 1940, it sank to a yearly rate of just slightly above 13 (13.19-13.38). In February, 1941, it fell to an even lower yearly rate (13.08); and, for the week of Sept. 8, this year, the yearly rate hit an all-time low of 12.54, although the average rate for this year thus far is just a little over 19—still below the 21 of July, 1932.

This great decline in velocity has had the effect of subtracting from every 67 billion dollars of business, that would have been done had the velocity of deposit currency remained at the 1929 level, 46 billion dollars at the rate of July, 1932, 54 billion dollars at the rate of the four low months of 1940, and 54.5 billion dollars at the rate of the week of Sept. 8, 1943.

Bank deposits did not decline nearly so sharply. In 141 reporting cities net demand plus time deposits declined 15 per cent from 1929 to 1932. For the country as a whole, total deposits declined 24 per cent for the same period. The decline in the velocity of demand deposits for this period was nearly 70 per cent.

If we run the figures for demand deposits and their velocity and for money in circulation from 1929 to the low points of 1940, we find that demand deposits in banks in 101 reporting cities increased 55 per cent; that money in circulation increased 75 per cent; and that the velocity of deposits declined 73.3 per cent.

Debits to Bank Deposits

Now, of course, people's expenditures are revealed to a very large degree, perhaps to the extent of 85 to 90 per cent, by debits to their bank accounts—that is, by the total of checks drawn against their accounts. Bank debits comprise bank deposits multiplied by their velocity. In other words, they reveal both dimensions of our deposit currency.[1]

In July, 1940, bank debits, despite the great increase in bank deposits between 1929 and 1940, stood at 58 per cent below the level for 1929. For the 12 months ending July, 1943, bank debits were still 25 per cent below those of 1929, in the face of the unprecedented expansion of our bank deposits.

Significance of the Low Velocity of Deposits and the Low Total of Bank Debits

These data may be summarized in another way, and they lead us to important conclusions: In 1929, when relatively little government spending was taking place, and when the dollars spent were chiefly those fostered by private enterprise, a dollar was doing 5 times as much business per year as a dollar was doing in July, 1940, when the government was spending huge sums of money, and after seven years of such spending.

During the 1930's the low velocity of bank deposits revealed a lack of confidence on the part of people who had money to spend. It was a symptom—perhaps the best symptom available—of economic stagnation. And it constitutes a conclusive refutation to the theory of those who maintain that government dollars are as potent as those emanating from private enterprise.

But in a war economy debit figures require an additional interpretation. When a nation is geared to war, the government, through its purchases direct from major industries, eliminates many of the channels through which goods normally would move, and thus reduces the number of times that checks and drafts need to be drawn in payment for a given supply of goods. Furthermore, private enterprise is truly sick, and the people's use of their deposits is for many related reasons at an abnormally low level.

These facts regarding the abnormally low rate at which people are using their deposits invalidate much of the current, glib, and superficial discussion involved in relating people's purchasing power to the current stocks of goods available for purchase, and to what is popularly called the "inflation gap," a concept that is saturated with fallacious thinking and is being used as a basis for building a tax structure that may lead to most unfortunate results.

Another important point for us today regarding the low velocity of bank deposits and low debits is that in the future both figures can easily mount to levels equal to, or beyond, those of May, 1920. An increase in velocity can come about because of a spreading optimism among people, or because of a fear of the future value of a currency, or because of encouragement to speculative activities growing out of a mixture of optimism and fear regarding the future.

Considerable attention is given in this country to the potentialities inherent in our great supply of money and deposits. But practically none is given to the even greater potentialities inherent in our very low velocity of deposit currency. (Velocity of money is not mentioned because we have no data on the subject.)

It is not enough to compare our money supply and deposits with those of such years as 1920, 1926, or 1929. It is necessary to relate these figures to our abnormally low velocity of deposit currency (1) to understand the extent to which enterprise is actually depressed today and (2) to appreciate also the posibilities of the great future expansion inherent in low velocity and low bank debits and the dangerous position in which this country finds itself as a consequence.

The Dilution of Our Money

In addition to the dangers inherent in the great expansion of the number of monetary units in the blood stream of commerce and industry and in the very slow rate at which these are moving, we are quietly, and in ways not generally appreciated by the public, steadily diluting the quality of our money.

(1) **Federal Reserve bank notes**—In December, 1942, by a sleight-of-hand performance, the Treas-

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[1]Figures represent debits or charges on the books of reporting member and nonmember banks to deposit accounts of individuals, partnerships, corporations, the Federal, state, and local governments. The figures include debits to postal savings accounts, other savings accounts, payments from trust accounts on deposit in the banking department, and certificates of deposits paid; they do not include debits to the accounts of other banks or in settlement of clearing house balances, payments of certified and officers' checks, charges to expense and miscellaneous accounts, corrections, and similar charges.

In July, 1943, the number of reporting centers was increased from 274 to 334, which makes the revised figures nearly 6 per cent higher than the old.

The author has utilized the weekly and monthly data on debits and velocity for banks in 101 reporting centers, supplied by The Econograph Corporation, 21 East 40th Street, New York City.

Wisconsin Brevities

A plan of reorganization for the **Plankinton Building Company,** operators of the largest store and office building in Milwaukee, has been sent to holders of the First Mortgage Leasehold Bonds. The plan, which is endorsed by the Bondholders' Protective Committee, provides for a cash payment of $100 per $1,000 bond on account of back interest; issuance of new 5% First Mortgage Leasehold Bonds maturing in 1963, par-for-par for the present bonds; and an interest certificate for $157 per $1,000 bond on account of back interest. The plan also provides for reduction in the outstanding bonds from $1,013,500 to $700,000 through purchase and subordination of outstanding bonds.

The **National Tool Company** has extinguished the remainder of its first mortgage notes issued in 1941 and reduced to $500,000 its Regulation "V" bank loan, through debt payments aggregating $111,833, Arthur J. Brandt, President, announced.

Net profits for the first half of 1943 were 48 cents a share on the common stock, in contrast to 37 cents a share in ultimate net income for the 1942 period, after deducting applicable tax liability, calculated in accordance with the provisions of the Revenue Act. The company is a leader in the manufacture of cutting tools.

The **Line Material Company** declared a dividend of 30 cents a share, payable Nov. 1 to stock of record Oct. 20, bringing total disbursements for the year to 50 cents—the same amount that was paid in 1942.

Ampco Metal, Inc., reports profits of $1.13 a share on its common stock in the first eight months of the current year, compared with 61 cents in the corresponding period of last year.

Nunn-Bush Shoe Company declared a year-end dividend of 40 cents a share, bringing total disbursements for the current fiscal period ended Oct. 31 to $1, compared with 80c last year.

Although most of the news and predictions regarding the machine tool industry this year have been dismal, **Giddings & Lewis Machine Tool Co.** reports net income of $613,379 after charges, taxes and provision for inventory price decline, equal to $2.18 a share, compared to $479,000 or $1.66 a share in the first half of 1942.

The Current Monetary Situation

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ury and Federal Reserve authorities converted 660 million dollars of Federal Reserve bank notes into fiat money and began to issue them. These notes are not secured by anything except the general assets of the Treasury. They were issued precisely as unsecured greenbacks would be issued, and their effects upon the reserves of the Federal Reserve banks and upon our currency supply, both note and deposit, are the same as if unsecured greenbacks had entered this blood stream of commerce. In reply to some criticism of this manner of issuing these so-called Federal Reserve bank notes—sometimes called "National Currency" notes—it was stated, officially, that they would be largely retired within three months. Each succeeding month of the 8 months of issuance has shown an increase in the amount of these notes in circulation, and the number now outstanding from the Treasury is at the highest level—637 million dollars. At the same time that the volume of these so-called Federal Reserve bank notes is steadily expanding, the Federal Reserve authorities continue to state blandly in the monthly "Federal Reserve Bulletin" that these notes are in process of retirement. In other words, they are in process of "retirement" while they are in process of expansion!

It is that type of official reporting that misleads the American people as to what is happening in the expansion and dilution of the quality of our money by sharp and improper practices on the part of Treasury and Federal Reserve authorities.

(2) **Silver certificates**—In July, 1943, Congress passed the Green silver bill, which provides that the silver dollars and bullion held exclusively for the redemption of silver certificates may be sold to war industries. It was quite desirable that this silver be placed at the disposal of war industries, but at the same time, a corresponding volume of silver certificates should have been retired. The vacuum created could have been replaced by Federal Reserve notes issued in one-dollar denominations and secured by not less than a 40 per cent gold certificate reserve. But under the Green bill, the silver bloc was able to keep the silver certificates outstanding and to provide that the silver lend-leased to war industries as, for example, for busbars in electric plants, could be counted by the Treasury as security for the silver certificates. Thus as this Treasury silver is sold our silver certificates will slowly become irredeemable paper money, since one can hardly clip off a piece of a busbar when he wishes to redeem a silver certificate. They might then just as well have issued these silver certificates against the silver in the mines.

This situation is another of which the public apparently is not aware. Yet these silver certificates are the second most important paper money in volume and value that we have circulating in the United States—1,869 million dollars of these certificates were in circulation on Sept. 16th.

(3) **Occupation currency**—With the conquest of Sicily and the entrance of our troops into Italy, our Treasury, in cooperation with the military authorities, has begun to issue a fiat money called "occupation currency." The amount already issued, and the amount that probably will be issued, are Treasury secrets. The extent to which this currency may become claims against our dollars and our gold remains, up to date, a mystery.

(4) **Gold exportation** — Since September, 1942, our Treasury has been losing gold to foreign countries. Where it is going and why are Treasury secrets withheld not only from the interested public but also from Congress. Not since December, 1941, have figures on gold movements to and from various countries been released for publication. This particular piece of secrecy hardly seems necessary; and it is not in accord with the best interests of the American people. Both they and Congress are entitled to know, and should know, where this gold is going and under what terms it is going there. As the percentage of gold reserve against our expanding money and deposits declines, the weakening of our currency progresses. Under the protection of this policy of Treasury secrecy our gold supply can be dissipated in ways that are unwise and without the understanding or approval of Congress.

The important point is that through these four channels—and there are others of a more technical nature—our money supply is being rather steadily diluted. This thinning-out process is inherently dangerous and in the end can lead to a sorry situation. The public is being persuaded altogether too effectively that such dilution will not only do no harm but is in fact a species of cleverness in the management of this nation's currency. I should like to challenge this dilution in all its forms and to condemn it on the ground that it represents an improper and unsound administration of the people's money.

The Quality of Our Bank Deposits Is Also Being Impaired

A huge volume of bank deposits is of course being created against government I.O.U.'s, which means that, from the point of view of the banking structure as a whole, commercial bank deposits are becoming progressively more illiquid. Stated in other words, we are monetizing the national debt rather steadily and to an unprecedented degree. Furthermore, the low ratio of bank capital and surplus to deposit liabilities magnifies this dangerous tendency. The dangers in these developments seem to be rather well recognized. The hope of responsible people is that they will end before genuine disaster actually overtakes us. The methods by which they should be controlled would seem to suggest themselves.

Other Forces and Dangers in the Field of Money

There are three other activities in the field of money that deserve mention. Two of them may prove dangerous, and they require watching. The other is probably nothing more than a nuisance and a waste of people's time.

(1) **Drive for international bimetallism** — The nuisance and waster of people's time is the movement that has just gotten under way in behalf of international bimetallism. The 1890's are with us again in the field of money! The advocates of bimetallism apparently are planning to renew all the old arguments of fifty years ago and to try to bring in some new ones.

The explanation of this anachronism is to be found in the fact that the silver bloc have simply embarked upon another maneuver. This is their latest idea as to how best to do something more for the silver interests.

Apparently being convinced that they cannot hope to get further subsidies from Congress, since the American people have become so thoroughly aroused and disgusted with their constant pressure for a silver subsidy and with their demonstrated willingness to put their silver interests above the welfare of our armed forces in time of war, they have decided that the greatest hope for higher prices for silver lies in the adoption of bimetallism by the various nations. Until popular understanding and condemnation forced them to authorize the Treasury to put its hoarded silver at the disposal of war industries, they used every device they could think of to protect their subsidy and to compel the Treasury to keep its silver out of use, despite war and other demands for it. By filibuster and other means they were able to delay action until July, 1943. And even then they were able to force through a bill (the Green bill) which would not let Treasury silver be put to war uses except at subsidy prices. The position of the silver bloc has been that American boys are expendable but not the silver hoarded at West Point as a result of the policies of the silver bloc!

It was the exposures of this national scandal that resulted in the passage of the Green bill in which the bloc was after all the chief victor. (As of Sept. 20, none of this Treasury silver, under the terms of that bill, had been sold to industry for consumptive purposes.) But apparently the bloc's awareness of a widespread hostility to it, both in and out of Congress, has led it to embark upon this new enterprise—this drive for international bimetallism.

On Sept. 24, Senator Pat McCarran of Nevada led off with a speech in the Senate in behalf of bimetallism. His discourse reaches back to a Senate resolution (No. 174) which he introduced on July 7, 1943—two days after the Green bill was passed by Congress—authorizing the appointment of a special Senate committee to look into proposals to establish international bimetallism, among other things.

On Sept. 27, Mr. Francis Brownell, chairman of the American Smelting and Refining Company, and always an ardent supporter of the silver bloc, issued a statement to the press in behalf of bimetallism.

Thus the leading bimetallic guns have been fired, and now, apparently, we shall see the bimetallists—that is, chiefly the silver bloc—on the march again. It looks as though this country is faced with a deluge of pro-silver propaganda like that of the 1890's and like that conducted by the Committee-for-the-Nation and the silver bloc so successfully in 1932-1934.

It is unfortunate that the American people must contend with this particular nuisance at this time, or at any other time.

(2) **The fiat money group**—The advocates of non-interest-bearing United States bonds and fiat money, while apparently a relatively small group at the present time, may prove dangerous as the debt burden mounts and the tax load seems, or becomes, too heavy to bear. It is then that monetary demagogues are likely to get a hearing.

The chief leaders of this group are Jerry Voorhis of California and Wright Patman of Texas, both in the House of Representatives. In March, 1939, a Constitutional Money League, with former Representative Charles G. Binderup of Nebraska as head, was formed in an effort to legislate into existence such ideas as those of Voorhis and Patman, but the generally better quality and attitude of Congress since the last election has caused that League either to disintegrate completely or to go under cover until some more auspicious occasion invites its revival. In any case, the fiat money crowd in Congress is a potentially dangerous group and may cause trouble when we come face to face with the question of post-war policy regarding how best to dispose of the problem of our huge Federal debt.

(3) **The devaluationists** — Another quiet but dangerous group in Congress are the devaluationists—those who expect to write up the dollar value of our gold and silver stock sufficiently to enable the Treasury to pay off its debts by an equal amount of devalued dollars.

This group first revealed their hand publicly on July 14, 1941, when, Senator Elmer Thomas of Oklahoma, as their spokesman and a leader of the silver bloc in the Senate, said that such devaluation might be necessary should our national debt reach the sum then prophesied by some of our citizens.

The arguments which devaluationists can offer to a tax-oppressed people, thoroughly discouraged at the prospect of carrying an appalling debt for an indefinitely long period, can be made to look impressive to a people who would not appreciate the disastrous consequences that would flow from throwing, say, 300 billion devalued dollars into circulation and into the reserves of our banking structure.

The American people were not prepared to understand the move for devaluation in 1934; most of them to do not yet understand it clearly; and there is no good reason for supposing that they will be prepared to understand clearly the falsity and dangers in the plausible and persuasive arguments for a radical devaluation of the dollar that can and probably will be offered to them at the close of this war.

How will the mass of American people, who know little about monetary principles, react when the devaluationists put up to them such arguments as the following? By writing up the dollar value of the Treasury's gold and silver stocks to an amount equal to the Treasury's debt, we can free you and your children and grandchildren from the burden of this great debt. We can reduce your taxes to the lowest level experienced in many years. We will open up a field for exportation unequaled in our history, because the foreigner can buy the dollar for the equivalent of perhaps seven cents. We will make it easy for the foreigner to pay at least some of his debts

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What Can The Government Do To Promote Post-War Re-employment?

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we want full employment, of course we want an economic situation that does not have to react very much and a credit situation that does not have to be violently liquidated. But to strike directly at the symptoms of economic disorders, such as unemployment or liquidation, instead of taking measures that will straighten out the causes of the economic disorder, is a superficial and a dangerous procedure. Some kind of reaction in the pace of economic life is inevitable if you have an immense readjustment to make in the proportions of your industrial activities. The passage from war to peace must mean that a great many industries curtail their activities radically and that others increase their activities greatly. There must be temporary unemployment, there must be reaction, readjustment, liquidation, and the problem is one of bringing about the transition as rapidly as possible, rather than the problem of preventing reaction. The reaction and the unemployment themselves may easily facilitate the prompt readjustment in the direction of our industrial activities that the transition from war to peace involves.

In contrast to the policies which many are proposing for the Federal Government today, I want to exhibit, first, the policies employed by the Federal Government in the crash of 1920-21 and in the period of recovery to full employment that took place from August of 1921 to the spring of 1923. The picture of our policy in those years will make a very useful point of departure for the study of what policy ought to be when the present war ends.

The United States Government, in the period from 1920 to 1923, was old-fashioned. It did not know the so-called new economic wisdom which lies behind the demands now being made upon it. It believed in balancing the budget and in paying down public debt. It was not regarded as the function of the Government to provide money to stop a crisis or to end a depression. We had a tremendous crash. Commodity prices at wholesale dropped from 241 in July of 1920 to 142 in August of 1921. This was a terrific break in prices. It was accompanied by a great decline in industrial activity. The Federal Reserve Index of Production (base 1923-25) showed a drop from 89 in July of 1920 to 65 in July of 1921. At the worst, in the summer of 1921, we estimated unemployment at 6 millions —a very heavy figure on the basis of all our past experience, though I must say a very modest figure as compared with the years 1933 to 1939, inclusive. In August of 1921, the tide turned, and, by March and April of 1923, we had reached new levels of production and full employment. The Index of Production reached 103 in March and 106 in April of 1923. There were labor shortages in many lines.

I have said that the Government was old-fashioned. The Treasury's job was to protect its solvency and to protect our sound gold dollar. It overbalanced the budget in every one of those years. It paid down public debt in every one of those years. It reduced expenditures, and it reduced taxes though not so much. Here are the figures for United States Government expenditures, for tax receipts, and for the public debt:

U. S. Government Expenditures (Not Including Public Debt Retirement)
(Millions of Dollars)

Fiscal year 1920	6,403
Fiscal year 1921	5,116
Fiscal year 1922	3,373
Fiscal year 1923	3,295

Taxes ran as follows during these years:

Ordinary Receipts of the U. S. Government
(Millions of Dollars)

Fiscal year 1920	6,695
Fiscal year 1921	5,625
Fiscal year 1922	4,109
Fiscal year 1923	4,007

The public debt was rapidly reduced, as the following figures show:

U. S. Government Debt
(Millions of Dollars)

June 30		June 30	
1920	24,298	1922	22,964
1921	23,976	1923	22,350

Nor was there any conscious effort to flood the money markets with excess reserves to make low interest rates. The cheapest money of the whole period was 4% for open market commercial paper for one month in 1922. The Federal Reserve Banks put out their credit during the crisis at 6 and 7%—adequate credits on rediscounts, but not credits designed to whip up prosperity. Here is a table for open market commercial paper rates in New York City for these four years:

Open Market Commercial Paper Rates in New York City
(Prevailing Rate on Prime Commercial Paper, 4-6 months)

	High	Low
1920	8	6
1921	7¾	5
1922	5	4
1923	5½	4½

(Annual Report of Federal Reserve Board, 1927, p. 96.)

The Federal Government did nothing to make work. On the contrary, it diminished Federal employment rapidly. Men were released, of course, from the army and the navy, and the civil service, which had grown during war, was diminished—in every one of the years of the crisis, depression, and revival, the Government steadily dismissed men from the civil service. It didn't need them, it saw no reason to keep them.

The rally from this great depression, the restoration of full employment, was the achievement of the people, and not the achievement of the Government.

There was a great deal of economic planning in this period, but it was not Governmental planning. It was planning by unemployed workmen to figure out where they could get new jobs. It was planning by business executives as to how they could get new business. It was planning as to how production could be done more cheaply and more efficiently. It was planning with respect to the new products which the markets would take.

Basic in the planning was the fact that the Government credit was unshakably strong, that the gold dollar was undoubtedly sound, and men had a fabric of confidence on which to build. The reduction in taxes, and especially in business taxes, was exceedingly helpful in making it possible for new activities to be undertaken and for venture capital to take risks.

I may add that the crisis of 1920 and the boom which had preceded it in 1919 and the first half of 1920 had grown out of a very bad foreign situation and that this foreign situation did not improve as the revival of 1921-1923 went on. Rather, conditions in France, Germany, Austria and most of the Continent of Europe and conditions in Japan and most of Latin America grew worse, rather than better. We were not helped in our revival by improving foreign conditions.

We didn't need Government spending to get us out of the trouble in 1921. We did it ourselves.

Government spending from the end of 1933 to 1939 never brought us full employment or anything approaching full employment. Government spending as a sure and quick means of bringing even temporary revival was demonstrated to be a failure in its first employment in this country.

You will remember that the Administration, which began in March of 1933, started out with an economy program under the Hon. Lewis W. Douglas, Director of the Budget. It was not until December of 1933 that the Administration departed from this avowed economy program and began spending for spending's sake.

The first rally, in 1933, from March to July, was extraordinarily vigorous but it was not due to Government

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Canadian Securities

By BRUCE WILLIAMS

The Fifth Victory Loan is off to a fine start as a result of the good intensive spade-work done by the reorganized National War Finance Committee under the able direction of Mr. Graham Towers. Since his appointment as Governor of the Bank of Canada in 1934, Mr. Towers his contributed in large degree to the establishment of Canadian banking and finance on its present high plane.

By no means hide-bound in his outlook, he is able to deal with the increasingly complex domestic and international financial problems in a thoroughly realistic and flexible fashion. Possessing keen imagination and always looking ahead, Mr. Towers is eminently fitted for his present position in a country which has made such dynamic economic progress during his tenure of office.

It is to be expected therefore, that although the Canadian people have already an enviable record with regard to their prodigious efforts in the field of war finance, nevertheless, the present drive bids fair to surpass all others. When it is considered that, in four years of war, 11,000,000 Canadians have provided $6,000,000,000 in taxes and shortly the total for loans will be a further $6,000,000,000, it will be realized that this will be no slight achievement.

At the moment of writing, the volume of external bonds offered in exchange for the new internal issues is considerably less than usual. Consequently during the past week there was not a sufficient volume of business to cause the market to change its quiet firm tone.

Direct Dominions and Nationals were inactive with prices for the most part unchanged, although there was some demand for the Canada 3s of 1967 at 103¼. Ontarios and Quebecs were stationary, but there was a continued demand for the longer Nova Scotias and New Brunswicks; lack of supply, however, still restricted dealings. British Columbias were featureless but there was some activity in Manitobas with prices well sustained. The 4½s of 1956 were still 104½ bid. Interest continued in the Alberta issues and the market was distinctly firmer as anticipated. The 4½s and 5s were bid at 77 and 78, respectively. There was also a demand for corporate issues of this province, and Calgary Power 5s changed bonds on a 4.75% basis. Saskatchewans remained in the doldrums with no recorded price changes.

Turning to the market for internal issues, a different state of affairs prevailed. This section was distinctly hectic. Holders of the bonds called and maturing on Oct. 15 were given the option to convert at a small premium into the bonds offered in connection with the Fifth Victory Loan. Although the amount of bonds so converted appeared to be large, nevertheless the comparatively small total redeemed was sufficient to cause violent fluctuations of the Canadian dollar in the free exchange market. After depreciating rapidly to 12½% discount, there was a sharp reaction to 11% and at this level only was there any volume of trading. There appears still to be a strong latent demand for the internal issues which should result ultimately in the exchange reaching once more the level at which the necessary Canadian dollars will have to be supplied at the official selling rate.

With regard to the future trend of the market for external issues, it would appear that in the course of the next ten days we should see the end of the waiting period brought about by the Fifth Victory Loan. If offerings in this connection are not soon forthcoming, especially of those issues which are currently in demand, purchasers will be obliged to take the initiative and the expected market rise would then materialize.

Harvest Progressing For Canadian Crop

The Bank of Montreal, in its Oct. 7 crop report, states that in the Prairie Provinces, rapid progress has been made with harvesting during the past two weeks. Ideal weather, the bank says, has prevailed generally and threshing is practically completed in Manitoba and in some sections of Saskatchewan and Alberta. While the quality of outturns has been generally satisfactory, grades are lower in some parts of Saskatchewan and Alberta as a result of frost damage.

The bank's report further said:

"In Quebec, harvesting of a below-average grain crop is nearing completion and threshing is general in most districts. Haying is completed and a heavy crop has been stored, but the quality is poor in many districts owing to frequent rains. . . .

"In Ontario, harvesting of most late crops is progressing favorably, with good average yields of buckwheat, corn, turnips, mangolds and beans practically assured. . . .

"In British Columbia, picking of an apple crop of less-than-average yield, with quality in general good, is well advanced, and gathering of pears and prunes is almost finished."

What Can The Government Do To Promote Post-War Re-employment?

(Conitnued from page 1599)

pump priming. The coming of NRA and the processing taxes knocked down the index of production from a level of 100 in July to a level of 72 in November of 1933.

Then came the sudden abandonment of the economy program, and great spending for spending's sake. CWA was started, and monthly Federal expenditures jumped from $505,000,000 in November to $703,000,000 in December and $965,000,000 in January, 1934. On Jan. 4, 1934, the President announced the great spending program, and indicated that there would be a budget deficit for the fiscal year 1934, that is to say by July 1 of 1934, of seven billion dollars. The actual deficit realized in this fiscal year was four billion dollars, as it proved impossible for the Government to spend money as fast as the first plans called for.

We saw the effect on business of this vast spending. If we credit all of the business history of the ensuing 10 months to the spending, the record is very disappointing. Business rallied from 72 in November of 1933, on the Federal Reserve index, to 86 in May of 1934. Then the curve turned sharply downward, and, by September, it had dropped to 71, one point below the level of November at which it started. In September, moreover, there came a grave disturbance in the Government bond market, and grave concern regarding the Government's credit.

There is no certain magic in Government spending, nor can it be counted upon to give either prompt results or lasting results.

Government spending in wartime is another story. I am talking about a peacetime policy. And one of the differences between Government spending in wartime and in peacetime is that, in wartime, great expenditure goes through the ordinary channels of trade instead of going into a great variety of activities many of which compete with ordinary trade and which frighten ordinary economic activities. But the biggest difference of all, of course, is that in wartime the Government expenditure of borrowed money is on a scale so colossal that nobody could contemplate a comparable volume of peacetime expenditure.

With reference to the matter of Government expenditure in the post-war period, let me say that we face a very great problem. The public debt has risen to ominous figures already, and, by the end of the war, will have reached figures that must give concern to every sober man with financial knowledge. We must speedily turn to radical government economy in the interests of the solvency of the country. Even those who believe in government pump priming when the public debt is moderate must have the gravest reservations when the public debt is ominously great.

Can industry repeat its 1921-1923 performance in the coming post-war period? Can we go through the drastic readjustment as we shut down our great war activities and turn to peacetime activities, make the transition, and work back to full employment again? There are many, I think, who doubt the possibility, on the ground that we have lost a great deal of flexibility in the intervening years. Now we have lost a great deal of flexibility. But it is my contention that the loss of flexibility is not due to anything inherent in the nature of industry itself and is not due to changes that have come about in our fundamental economic structure. They are, rather, changes due to Government policy, and it is with respect to these matters that I think that your committee can do its most effective governmental economic planning. You can, by law, eliminate or, at all events, modify the rigidity and the frictions which have grown up, through undoing a great deal that we have done by law and by administrative edict in the intervening years.

There are a number of points here. In the first place, if economic life is to readjust itself intelligently, it must be guided by the movements of prices. Rising prices in one industry are a signal to produce more. The industry where prices are rising draws labor and capital to it. Falling prices in another industry are a signal to produce less, and a signal to release labor and to release capital. The automatic system of free enterprise is guided and controlled by prices, not by a super-brain which sees it all and plans it all. The planning that takes place under the price system is a matter of partial insights, each man seeing the things that affect his own sources of supply and his own markets. You don't need a central brain to make that work. The great obstacle to governmental economic planning in a democracy in peacetime is that the wisdom does not exist and the knowledge does not exist, and, I may add, that the power does not exist, to know what 130 million people want and what they will pay for, and to have it produced for them. It has got to be a piecemeal job, with particular men in particular industries studying their particular markets. The dictator of a totalitarian state can decree what the people shall want and what they shall have and can decree that such-and-such numbers of men shall produce such-and-such products. Governmental economic planning on these terms has been proved possible. But governmental economic planning for a democratic people who know what they want and who know what they like to do calls for a wisdom that does not exist and will not exist. Decisions as to what is to be produced must be made piecemeal by competitive industry, guided by prices.

But, in order that industry may be properly guided by prices, the prices must be free to tell the truth. We must get rid of price fixing as speedily as possible. Something may be said for the continuation of price fixing with rationing in the case of a few very scarce, essential commodities when the war is over. However, I should scrutinize each case very carefully there before making concession to it. But the general idea that price fixing must be continued for the purpose of preventing "inflation" must be absolutely vetoed. There are other much better ways of dealing with inflation. Industry knows what to do in wartime, when government is giving orders, and government knows what orders to give in wartime when military objectives are definite and when so-and-so many ships, so-and-so many planes, so-and-so many rounds of ammunition are indicated. But nobody will know what to do in peace time production if we hold our prices fixed, and rob the economic community of the information which freely moving prices give.

With the abolition of price fixing should go the abolition of virtually all the bureaucratic controls that have come during the war. And I put in the word, "virtually," reluctantly because, as I say this, I don't know of any that need to be retained. If they want to retain any, let them make a very convincing case for the individual case.

If business is to move rapidly in readjustment, it must have access to capital. Our businesses came into the crisis of 1920 with a great accumulation of corporate surpluses that they had saved, very providently, and very wisely, out of wartime profits. These surpluses were badly eaten into in the crisis year, but they still remained large for American corporations in the aggregate. In many cases the surpluses were partly matched on the asset side of the balance sheet by substantial cash and readily marketable securities, so that a good many American corporations in 1921 and 1922 did not need to bring in outside capital, but could make their new plans with liquid capital which they had. In other cases, they needed a great deal of new financing because their assets were not very liquid. But, in any case, the surpluses gave them a credit foundation on which the new capital could be readily obtained. Now we have been through a long period during which additions to corporate surpluses have been very meager, and our wartime policy, with extraordinarily high corporate taxes and with frequent renegotiations of contracts, has made it very difficult for business corporations to build up surpluses. A great many of them are going to need to go to the capital market before they can put through adequate post-war plans. Access to that capital market is badly hampered by our Securities and Exchange legislation, and by the rules and practices of the Securities and Exchange Commission. New capital issues, and above all, new stock issues, by American corporations have been appallingly low since the middle of 1933. There was a period in the last half of 1936 and the first half of 1937 when new security issues in the United States got up to something like 50% of what they had been in 1923, 13 years before. I am not making the comparison with the years of abnormal security issues of 1927, 1928 and 1929. But most of the time since 1933, new security issues, refunding excluded, have been well under 18% of the volume of the year 1923.

I believe this situation calls for drastic action on your part. I have specific recommendations to make. I recommend (1) that the Security and Exchange Commission be abolished. I recommend (2) that the function of the Security and Exchange Commission in receiving and filing registration statements and prospectuses be put in the hands of a purely ministerial body in some such place as the Department of Commerce. You want a legal record of the statements of fact made by men who are putting out new securities so that they may be punished if they make false statements or if they omit essential information regarding the issues they put out. I recommend (3) that there be created in the Department of Justice a security and exchange division, whose business it should be to prosecute by criminal law in the courts of the United States men who make false registration statements or who put out false prospectuses and men who otherwise violate the laws governing securities and security exchanges. I don't want a Securities and Exchange Commission interfering with the details of the transactions in securities, but I do want criminal laws that will prevent abuses and I do want them enforced. I recommend (4) that the existing rules and regulations of the Securities and Exchange Commission, together with the security and exchange legislation, be thoroughly reviewed with a view to eliminating most of the detail; and with a view to saving that part which is needed and valuable for the protection of investors and for the prevention of fraud and misrepresentation, and that new legislation replacing the old and embodying some of the rulings of the Securities and Exchange Commission take their place. In this connection, I hope that you will call before you the able men in investment banks and brokerage houses, who watch the Securities and Exchange Commission and who know the details, and get from them recommendations as to what parts of the law and the rulings should be preserved.

Finally, I recommend that the law itself with respect to propectuses and registration statements be greatly simplified. Altogether too much detail is called for; the procedure is altogether too expensive. The British law with regard to this is complied with by prospectuses of three to six pages. The shortest prospectus I have ever seen of an American corporation issued under the Securities and Exchange regulations is 23 large pages in relatively small type, while behind that lay a registration statement with much more detail in it. I am not sure that I see any reason for a registration statement. I think a prospectus should suffice, and that the prospectus should be short enough so that men will read it. But it is important that the prospectus should be a responsible document on the basis of which men may be put in prison if they falsify, and on the basis of which the purchasers of securities will have legal evidence for bringing suit in the event that they have been tricked and cheated.

We need, not merely free access of corporations to the investment bankers and through them to the investors, but we need also a strong and active stock market in which men may shift investments readily. Many men will invest if they have a dependable market for the investments they purchase who would not invest if there were no liquid market. And I may add that in order for the stock market to perform this function effectively there must be active speculators

(Continued on page 1602)


Today
his will
to live...
Tomorrow
his prayers
are answered
Industry is helping win the war...
industry must help build a peacetime world
The will of our soldiers assures an unconditional surrender...
The will of our people can assure a just and durable peace
Today the United Nations are joined in their determination to win a decisive victory. On every battle front and on every farm and in every production centre a singleness of purpose is speeding "unconditional surrender."
Tomorrow millions of soldiers and workers can have steady employment if they also unite with determination to bring about "a just and durable peace."
Prosperity can be realized only through the will of an informed and a united people. With their courage and their determination, the people's will to accomplish a righteous peace is irresistible.
People here, in common with people of other lands, can prosper materially and spiritually after the war ends—but only if now the peoples of the United Nations make loud their demands for "a just and durable peace."
THE INTERNATIONAL NICKEL COMPANY, INC.
Subsidiary of The International Nickel Company of Canada, Limited
New York, N. Y.
ARMY E NAVY
Awarded to Huntington Works
COURTNEY ALLEN

What Can The Government Do To Promote Post-War Re-employment?

(Continued from page 1600)

who make a market when there otherwise would not be any, who narrow the spread between bid and asked prices, and who perform an exceedingly useful function in the general picture.

One other thing that has arisen, which can easily delay readjustment and which could easily give us a terrific unemployment, is the loss of flexibility in wages. I believe in good wages and in rising wages. I believe that the way to get good wages and rising wages is to encourage the growth of capital and to encourage progress in technology and, at the same time, to hold down an undue growth of the population. Wages will be high when men are scarce and dear and capital and natural resources abundant and technological progress rapid. When, however, we try to force the pace of rising wages above the level which supply and demand in an open market would give, we get into pretty serious difficulties. I think that the crisis of 1937 was due in no small part to the sudden spurt in wages which began at the very end of 1936 and which moved rapidly, cutting so heavily into profits, a rise in wages not due to rising demand for labor but due to aggressive union action under the Wagner Act. Wages are so large a part of the national income that when they are increased without a corresponding increase in production they cut tremendously into profits. I estimated the income of labor in 1937 at well over 70% of the total national income and profits at about 15.3% of national income. To increase wages 10% at the expense of profits would mean cutting profits nearly in two. Profits are strategic in a free enterprise economy. Growing profits mean expanding employment followed by rising wages. Cutting profits means contraction of business activity and reduced employment. The ideal is that wages and profits should both grow, that production should expand, with a rising demand for labor growing out of the additional production.

Developments of the war period in the relation of wages to profits and of wages to total national income present us with a pretty serious situation, if labor should prove not flexible and not willing to readjust when the war is over. We have had a very rapid growth both of the hourly earnings of labor and of the weekly earnings of labor during the war when the Government has been pouring out vast sums of money. Profits after taxes, on the other hand, have risen very moderately. The percentage of national income in the hands of labor is a great deal higher than the more than 70% which I reckoned for the year 1937. If the labor leaders of the country will prove themselves to be good merchants, study their markets, see what their markets can afford to pay, and aid in bringing about wage readjustments, we can move rapidly in eliminating unemployment as we go through our post-war readjustment. If they try to hold up wartime wages after the war, there are ominous things ahead. We can have gigantic unemployment and chronic unemployment, just as England did in the 1920's, through wage scales held too high in union policy.

In this connection, I must say that the Congress has a very important duty. The Congress can, obviously, not pass any laws requiring the reduction of wages. But the Congress can rectify the Federal legislation which has put such enormous power into the hands of labor leaders, and bring about a situation in which there is equality of bargaining power between labor and management.

Wages are part of the price system and a tremendously important part of the price system. Unless they tell the truth about the supply and demand situation in the labor market, unless they are flexible in making adjustments to changing conditions, we shall have appalling rigidity and appalling delay in making important transitions, and a wholly unnecessary volume of unemployment with, of course, a very big reduction in the annual income of labor and in the real income of labor.

The business community is planning, and the business community is being exhorted to plan. The business community is being urged to plan for full employment. I want to observe that this demand, laudable in intent, is missing in very important fundamentals. Having in my own mind the objective of full employment, I do not exhort the business man to plan for full employment, but I exhort him to do something which he knows how to do and which he will understand, namely, to plan how to **make money** in the post-war period. He understands that, and if he does it well he will give employment. Now, one difference between the two approaches can be a very great difference in economic policy on the part of the business man. If, over-impressed with his duty to make employment, he decides to reject a new labor saving device or a new technology, he may have more men for a time in his own plant than he otherwise would have, but he may also fail to make his main contribution to employment in the country.

In 1921, we faced a new resource. There had grown up in the war a great body of technological ideas — the chemistry of explosives, the mechanics of aircraft, and a great variety of new things which were awaiting a peacetime application. During the period 1914-1919, business men had been so rushed that they had had little time to apply this new technology to peacetime uses. But in 1921 they had time and incentive to study and to plan. The result was a great burst of technological improvement and a great burst in the utilization of the new technological ideas. The result, too, was an immense increase in output per wage earner measured in physical volume of production. The result also was a great increase in the number of workers employed.

The following table tells the story:

Growth of Manufacturing Production in the United States*, 1914-1923

Index numbers of physical volume of production, number of wage-earners and per capita output:

Yr.	Phys. Vol. of Product'n	No. of Wage-Earners	Output per Wage-Earner
1914	100.0	100.0	100.0
1919	127.7	124.5	102.6
1921	105.7	100.1	105.6
1923	156.3	130.3	120.0

*Mills, "Economic Tendencies in the United States," p. 192.

I think we want to reflect a good deal on this. I believe that the future holds a similar opportunity and holds the promise of a new great burst of technological activity. I am afraid that there may be a degree of labor union resistance to the new technology which did not exist in 1921. I am very much disturbed when I see a labor leader, Petrillo, able to force a great industry to abandon the use of a labor saving device on the ground that it takes work away from members of his union, and when I find the courts upholding him in this as within his rights under the existing laws of the United States. In your planning of general policies, I think you will need to give attention and careful study to this case.

The economic planning which I think the Government can do most effectively is planning to increase the flexibility of our American economic life, to restore freedom of movement of capital, labor and enterprise, to take sand out of the oil, and to reduce frictions. I don't think that the Congress or the Administration or the Chamber of Commerce or anybody else can make one general plan for industrial revival. I think that is a piecemeal job for each industrial establishment, separately studying its own markets and its own sources of supplies.

The CHRONICLE invites comments on the views expressed by Dr. Anderson in this article, or on any related phases of the subject under discussion. Comments should be addressed to Editor, Commercial and Financial Chronicle, 25 Spruce St., New York (8), N. Y.

Monetary Pact By Three Governments In Exile

The Governments in Exile of Holland, Belgium and Luxemburg have agreed on a tri-partite monetary pact pegging the rate of exchange between the guilder and the franc in a move which may set an example for the development of good neighbor relations between other European countries after the war, it was reported in Associated Press London advices of Oct. 13. The account further said:

"Officials of the three governments were expected to set official seals to the agreement within a week, but in advance of signing no intimation was given as to what rate of exchange would be fixed.

"Out of the monetary agreement was expected to come wide post-war trade arrangements among the countries involved, with the possibility of a customs union and even the relaxation of visa requirements among nationals.

"Long linked by cultural and language ties, the two monarchies announced the currency pact was in the making along with the intention of stabilizing the rate of exchange as the first complete step toward realization of an international monetary program within the framework of the London and Washington proposals."

A previous item regarding the Belgian and Holland pact appeared in our issue of Oct. 7, page 1425.

Postpone NASD Hearing

The oral argument on briefs submitted by the National Association of Securities Dealers, Inc., and the staff of the Securities and Exchange Commission was postponed by the Commission at the request of counsel for the NASD from Oct. 21 to Oct. 28. The argument will be on the validity of fines imposed by the association four years ago on members of a selling group.

Mention of the hearing was previously made in the "Financial Chronicle" of Oct. 14 (page 1504), Oct. 7 (page 1404) and Sept. 30 (page 1286).

Industry Plans For The Future

(Continued from first page)

profits. If, after the war they are so levied as to maximize the prospect of profit, the effect on business expansion will be highly beneficial."

Stating that the government now owns industrial plants valued at more than $14,000,000,000, Dr. Lyon said that business has not yet found a way of making many positive and constructive proposals concerning the disposition of these plants.

"The problem is so closely interwoven with national and international policy following the war—for example, the size of the army and navy which we may maintain, the types of trade relationships we have with other nations, the prevailing political attitudes toward government ownership, and the skill with which we are able to get men back into peacetime employment—that it is almost impossible for business men to have judgments on this matter until pronouncements of government policy have been made."

"The difficulty of shifting from government orders to civilian markets," Dr. Lyon said, "will be accentuated by the fact that renegotiation of contracts for the purpose of eliminating excessive profits is now conducted under the policy that gives no direct consideration to the costs of postwar reconversion. Many companies will probably therefore lack adequate resources to make such reconversion promptly and effectively." Dr. Lyon stated that the most pronounced view among business men is that the problem of excess profits should be dealt with through taxation rather than renegotiation.

Warning against a too rapid relaxation of government wartime controls over raw materials, prices, wages, manpower, and rationing, Dr. Lyon said that "the removal of wartime controls is so closely bound up with the whole prosecution of the war effort that in this instance there is comparatively little which business men can do about the matter at this time.

"Business men and business groups can and are making many affirmative suggestions to Congress and to administrative officers concerning specific controls which affect their businesses. There is no doubt but that the expressions of business have gone far toward influencing changes of policy and practice in many important governmental bureaus. In general, however, business men recognize the necessity of controls and realize that the final decisions concerning their removal must be a matter of national policy which takes into account considerations beyond the knowledge of individual business men."

In concluding his address, Dr. Lyon stated it as his belief that private business will continue to be the principal employer of labor after the war but he warned that "the ability of business to give full employment will depend upon the adoption of national policies which will make it possible for those who want work to be employed, which will make it impossible for monopolies—whether of business or labor—to prevent the benefits of technical advance from being passed on to consumers, and which will make it advantageous and profitable for the business system as a whole to expand its operations so as to utilize our growing population, and absorb in improved equipment, the savings of the American people. The national policies which will make these things possible cannot be established in directors' meetings. They must be established primarily in national legislation."

Legislation To Permit Life Prem. Deductions From Income Tax Urged

Enactment of legislation permitting deduction from gross in paying income taxes of the amount paid for life insurance premiums would act as an important economic stabilizer for millions of policyholders and would constitute an important and tangible contribution to the Government's program of urging greater social security for citizens, in the opinion of Herold G. Woodruff, President of the Mortgage Bankers Association of America. The Association has gone on record as approving the bills which would make this possible, says its announcement October 17, which also states:

"The bills would permit deduction from gross income of the amount paid as life insurance premiums on policies in force Dec. 8, 1941 on the taxpayers' life or his dependents, up to a maxium of 10% of his net income or $1,000, whichever is less.

"The purpose of the legislation is not to make it possible for people to escape taxes but to assist those who have established protection plans in normal times but who now find it difficult to maintain them in this abnormal period, Mr. Woodruff said."

Enter Consent Judgment

MINNEAPOLIS, MINN.—Federal Judge Gunnar H. Nordbye has signed the agreement presented by counsel for the Securities and Exchange Commission and Investors Syndicate, Investors Mutual, Inc., and Investors Syndicate of America, Inc., disposing of 14 of the 16 counts in the petition of the Securities and Exchange Commission for a permanent injunction against the defendants for certain alleged practices.

Hearing on the two remaining counts has been set for Nov. 10. These counts charge "gross misconduct and gross abuse of trust" and assert that a certain group of officers is "guilty" of managing the companies for the "personal benefit of the officers, directors, departmental and divisional sales managers and the equity stockholders" of Investors Syndicate.

The Current Monetary Situation

(Continued from page 1598)

to us. We will make the money supply so great that interest rates will be low for an indefinite time and this will aid building and reconstruction during the post-war period when this will be most important.

What the devaluationists will not discuss will be the devastating effects of flooding this nation with such a huge volume of devalued dollars—the high prices, the huge tariff against imports, the fact that the purchasing power of accumulated savings, fixed incomes, and so on, will be reduced to a mere pittance—disastrous effects that will far overbalance the alleged gains.

Now is the time for the thoughtful and intelligent leaders in this country to begin warning the American people of the dangers involved. Every move of the devaluationists in behalf of their program should be condemned and stopped. It seems quite clear that this is a coming battle that cannot be avoided, and it promises to be a dangerous one for this country. There are many people, who should know better, and who should be counted upon to be among the leaders in a fight to squelch such a program, who are inclined to let the devaluationists have their way in this country. It is this among other things that makes the coming struggle over devaluation of the dollar so ominous.

The Relationship of These Matters to the Question of How Best to Meet the Problem of the Mounting National Debt

All these matters have a most important bearing upon the problem of meeting our mounting national debt.

Because it will probably be, let us say, in the neighborhood of 300 billion dollars; because of the great tax burdens that will rest upon the American taxpayers at the close of the war; because they doubtless will demand and require radical relief; and because we can expect plans to give them relief in the form of the issuance of fiat money, devaluation of the dollar, or partial or full repudiation in some other form, we will be fortunate indeed if we can find a solution to this debt problem which will at the same time save the American people from these programs of monetary depreciation or debt repudiation.

It is my judgment, therefore, that we shall find it wise not to attempt to handle our national debt as we have done it up to the beginning of the recession in 1929. As we all know, sound finance and American traditions with respect to the national debt suggest that we restrict it as much as possible and then retire it as speedily as we can, beginning at the close of the war. But to pursue this path will be to invite, in my opinion, the success of those who would plunge the American people into fiat money, devaluation, or outright debt repudiation.

It is my belief that if Congress is to be successful in fighting off these dangerous programs, it will be necessary for the American people to have their tax burdens lowered as much as possible, and I think this should be done in order to encourage private enterprise to go ahead again and to expand production. If I am correct in regard to these things, then it naturally follows that it would be better to consolidate this huge debt into a permanent or indeterminate one, and plan to carry the interest charges on the consols along with such other governmental expenses as are absolutely necessary. I believe that our great investing institutions, such as life insurance companies, savings banks, trust funds, and so on, can absorb 300 billion dollars of consols.

I should urge as a part of this solution that government expenditures be reduced as radically as possible and that our tax program be geared to the payment of the interest on this public debt and to other unavoidable governmental expenses, with the understanding that if in any year there should be a surplus it would be used to retire a corresponding amount of this debt.

Of course, all non-essential governmental expenditures should now and later be cut to the bone. Our government has been very unfair to the American people, and callous to an appalling degree, in asking them to sacrifice, as they have been doing, through the payment of heavy taxes and the purchase of government securities while the Federal authorities spend money extravagantly and wastefully on enterprises that are totally unnecessary.

If the government would spend as much time, energy and thought in lopping off needless and frivolous expenses as it does in devising ways and means of bleeding the American people white through taxation, some of the worst aspects of these problems would disappear. The cynical wastefulness which marks the Federal dissipation of our national patrimony has reached such colossal proportions that the people are stupified. Some day this lethargy will give way to a bitter realization of what this spendthrift orgy means. I predict that this phase of our national behavior—that is, this governmental spending policy and the people's stupified reaction to it—will go down in history as a sorry chapter in the records of this nation.

Aside from the spending orgy in which our Federal government is engaged, it seems to have two other major obsessions; one is to keep the price level steady, and the other is to bleed the people white through taxation—both to prevent or to minimize what it calls "inflation."

The Question of Heavier Taxation

As to the matter of still heavier taxation, I have the impression that many people both in and outside the government apparently think that the story of the "Goose That Laid the Golden Egg" is indeed a fable where private enterprise and capital are concerned. It is my opinion that taxes are now as high as they should be, that some of them are too high or unwise in nature, that it is dangerous to keep on insisting that we should tax more and more to prevent what is called "inflation," and that it would be infinitely better for the American people if the government would develop some obsessions as to the importance of eliminating nonessential governmental expenditures and of encouraging production by private enterprise in every reasonable way—civilian as well as war.

I think that the American Bankers Association, in a resolution of Sept. 15, stated the matter as well as it can be stated when it said:

"The cost of the war should be met by taxation to the maximum extent consistent with production, the maintenance of morale and incentive, the preservation of the economic structure, and the establishment by industry of adequate post-war reconversion reserves.

"Borrowing should be first from current income; then from the idle funds of individuals and corporations; and lastly, from the banks of the nation, the lending powers of which should be employed only to the extent necessary after exhausting the other two sources. It is in the best tradition of democracy that lending by individuals should be voluntary."

I should like to add my endorsement to that statement.

The Question of a Stable Price Level

There are some aspects of the current attempt to stabilize the price level to prevent what is called "inflation" that have genuine significance to us today.

First of all, we seem to have forgotten in this country that an index number of a price level is nothing but a mathematical abstraction. The steadiness of this mathematical abstraction has, since we entered the war, taken on a special and a peculiar sacredness. It has become one of the outstanding fetishes of the day.

This phenomenon should remind us of the faith we reposed in the stable price level during the 1920's. We would do well to remind ourselves that from 1923 to 1929 we probably had the most stable price level for any comparable length of time in our history and that it ended in one of the greatest of our peacetime catastrophies.

It may be recalled that during most of the 1930's efforts were made to raise the level of wholesale prices to that of 1926, after which governmental machinery was to be created to maintain that level indefinitely. When pressures on and in Congress for the creation of such machinery required attention, the Board of Governors of the Federal Reserve System, in March, 1939, issued a statement with respect to the leading proposal to maintain prices at fixed levels through monetary action. The Board emphasized, among other things, that steady prices do not assure prosperity, and pointed to our experience of the 1920's as a lesson. They concluded that the relationships among prices were more important than a steady average of prices. This reply by the Board to those advocates of a stabilized price level was so sound and so well put that 66 monetary economists of this country endorsed it in a public statement in which they said that the Board's observations were in harmony with well-established economic principles and with the facts of monetary history. I should contend that the position taken by those monetary authorities in 1939 is equally valid today.

Another thing to notice about this business of a stable price level is that from 1933 to 1940 the leaders in the movement to raise prices, and then to stabilize them at the 1926 level, called their efforts an attempt at what they called "reflation." Inflation would begin, they said, after the price level reached the 1926 base of 100 per cent. But when we embarked upon our armament and war program, particularly in 1941, we were suddenly deluged with the contention that any rise in the index of wholesale prices thereafter would be inflation. The index of wholesale prices in 1941 stood at 87 per cent of 1926 base. In short, up to that time the 1926 level of 100 per cent was the criterion against which inflation was to be measured. In 1941, the base against which inflation was to be measured was shifted to 87 per cent of the 1926 level. The point is not only that the exponents of these concepts of inflation have been most inconsistent in their contentions but also that neither contention will withstand careful economic analysis.

Another consideration regarding the question of the price level is that we seem to have taken a position that a stable price level is more important than the maximum production of goods and services and harmony in price relationships.

In war, as in time of peace, the thing that should come first is an expansion of production. On this point we seem to have reached the wrong decision. Our press is full of discussions of whether our price level is rising and whether it has risen more or less than those of Canada and England. This discussion is generally quite apart from the greater question of what is taking place in our productive activity and what is the state of harmony or maladjustment in the relationships of prices for goods and services. We do not discuss the fact that bank debits and the velocity of deposit currency are far below the levels of 1928 and 1929.

Furthermore our index of wholesale prices is suspect in itself. It does not recognize prices in black markets, or the actual prices growing out of the passing of cash to supplement fixed prices, or the fact that labels are changed or qualities of goods are altered. Besides being a mathematical abstraction, the index of wholesale prices in times like these and under controls as they now operate has in it an unknown element of fiction.

Because we have as a nation placed stability of the price level ahead of production, we have, in the main, shut our eyes to the following basic facts:

When a nation enters a war, the demand for certain, if not most, goods becomes abnormally large and their supply unusually scarce. The natural consequence is that prices tend to rise. These rising prices in themselves become rationing forces. They tend to hold down demand and to invite an increase in supply. (Forces of anticipation may of course become distorting factors for a period of time.) Holding down prices tends to repress production when it should expand and to invite a greater demand at those artificially low prices when it is already too great. This sort of procedure calls for rationing of scarce supplies, and it may even lead to programs for subsidizing producers who cannot afford to produce under these repressive programs. It requires a great bureaucracy, it gives rise to black markets, and it fosters a moral rot throughout the nation.

Despite such recognition as is given to these facts, we are nevertheless fanatically determined to adhere to the importance of a stabilized price level at all costs apparently, on the grounds, chiefly, that consumers will be protected, that government costs will be kept down, that a war boom will be prevented with the consequence that the post-war reaction should be smaller, and that, in any event, production in general is probably as great as it could be if prices were permitted to rise.

These matters raise more questions than can be examined and answered effectively in the time at my disposal. Let me state my final judgment as briefly as possible:

I think we should put first things first by giving more attention to production, civilian as well as war, and by seeing to it that the behavior of the price level is regarded as a secondary matter. I should say that where it can be demonstrated that no increase in prices can induce greater production then, for the period of the war, we should run the risks involved in stabilizing prices in the interest of the consumer and the government and in the hope that we might minimize somewhat post-war reactions.

But even then I should expect serious mistakes to be made. Who can say that, had prices been permitted to rise, important and unforeseen substitutes would not have been provided through invention and discovery with great long-run benefits to mankind? Who can state in advance what the stimulus of rising prices would draw from millions of ingenious people? At the best, control of prices is a dangerous enterprise for a government to embark upon.

Advocacy of subsidies to alleviate the stresses caused by price control is merely evidence of the wrongness of another policy and is an attempt to combat one evil by the use of another. It is preferable, in my opinion, that prices be permitted to rise.

We talk of war involving sacrifices, but we try to avoid them by price controls which at the same time impede production and restrict the amount of income that would otherwise be available for taxes; then we turn around and force sacrifices in the form of very heavy taxes which also endanger production!

If we were to make greater production, civilian as well as war, the first consideration, then I should think that we should expect to have a rise in prices and that this would be desirable even though it could be demonstrated—and it cannot—that there might be a more serious post-war reaction as a consequence.

Prices are probably the best guides to producers and buyers and sellers that man has ever devised. At the same time, they are, in general, the best correctives when maladjustments occur and readjustments are necessary. Sometimes these readjustments are pleasant as, for example, when a nation is recovering from a depression. Sometimes they are most unpleasant as, for example, when a nation is liquidating a boom. There is no good basis in Economics for supposing that we can have the pleasant adjustments exclusively and that we can always escape the unpleasant. And there certainly is no good basis for assuming that we can go to war and expect to escape the disastrous penalties which wars exact from victor as well as vanquished.

But since the American people do not seem inclined for the present at least to let prices reflect the forces of supply and demand, it would seem to follow that governmental controls may continue not only during the war but perhaps during several months or years of the post-war period of readjustment.

What the effects on production will be if such controls continue for long belongs to the realm of speculation. There are so many imponderables involved that I do not see how anyone can predict what the situation will be at the close of the war and for the two or three years thereafter. Should controls continue, what will be the prices of new goods expected from private enterprise? How will they fit into our cost structure and into our price control scheme? Then, there is the question of how long the American people will tolerate the huge bureaucracy involved in maintaining price control.

It is my judgment that the quicker we move toward free markets the better it will be for all of us. This opinion, I realize, does not have wide support today, but I am counting on time revealing its validity. I think the lessons of humanity with price control schemes demonstrate the soundness of such a conclusion.

* * *

Beyond the various points I have made I should like to urge that we seek to conserve our national patrimony; that we cease planning how to give away the United States; that we weigh more carefully than we seem inclined to do the current programs which are concerned more with how to divide up what we have than they are with how to increase production; that we consider whether some of our programs to save people from want and fear do not overlook the fact that fear and dread of want are two of the greatest stimulators of human activity; that we consider the awkwardness of our position in promising to save the people of many nations from want and fear in the face of our poor showing in little Puerto Rico which, according to Governor Tugwell, is no better off than it was when it was won from Spain in 1898; and that we come to a realization again that our standard of living can be raised only when we work hard and save and produce more goods and services for us all.

With Expanding Govt. Debt And Higher Taxes, Looks For Higher Price Levels In Post-War Era

The certainty in the post-war era of a higher plane of prices than before the war was forecast by George Gordon Paton, Vice-President of the Commodity Research Bureau, in addressing on Oct. 15 the National Coffee Convention at French Lick Springs, Ind. In making this prediction Mr. Paton said:

"The Government debt is now around $150,000,000,000 and will be many billions more before long. That's a lot of money in any language. Taxes will be high for many years to come, of that we can be certain, but still they won't match expenditures and begin cutting the Government debt for some time. There is only one answer. A higher plane of prices than before the war. Not confined to this country but world-wide. Looking at coffee prices only it is evident that coffee is good collateral now and only a higher market is in sight for the next few years. Maybe longer. Notwithstanding the supply-demand situation. Mostly this will be a reflection of the inflationary forces working on all prices for goods and services everywhere."

In presenting his views Mr. Paton stated that there are so many subjects of importance to the coffee industry, all naturally closely related, that it is difficult to select but one. "It is also true," he said, "that the industry these days has such an enormous load to carry that any intricate and detailed discussion might be just adding to their woes. For that reason," he indicated, "I am going to give you my views in short concise fashion, and attempt to cover many different factors."

In his address he had the following to say:

"Looking at prices from the viewpoint of the coffee producer, we meet these indisputable facts. Our good neighbors in this hemisphere, most of them coffee producers, have piled up over a billion dollars in credits (just like the people here with their backlog of bonds and other forms of savings). The people of the producing countries intend to better their standard of living with that money when peace allows the world's factories to halt making guns, planes and bullets. And since their standard of living has been lifted you can bet they'll do their best to maintain the gains made. They cannot achieve any materially better standard of living on 15-cent coffee, certainly can't approach ours at that price, and they know it. They are selling now at our ceiling prices because they feel it an only proper and just contribution to the war effort.

"This also they know and note. Our farm prices are up more than 100% since 1939. The chances are that they'll go higher. And who can say that it's unfair of them to ask for their produce a price which will permit them about the same benefits as those enjoyed by American farmers. So much for price. Let's go on.

"Coffee will flow freely in the future, and coffee rationing is out for good. In other words, the shipping shortage is licked. Even the impossible, i. e., renewed sinkings by German submarines at a rate matching the peak of the war would still not outweigh the present rate of ship construction.

"Restrictions on purchases and imports will soon be relaxed further. Business will gradually return to normal but competitive problems, small roaster versus large distributor, will continue to require the energies of the individual roaster. There's room for both large and small roaster. The past and human nature demonstrate this truth. But only those who know definitely where they are going and how, will survive.

"Coffee consumption in the United States will rise to a new per capita peak by the end of next year. Aided and abetted, of course, by the efforts of the Joint Coffee Promotion Committee and

(Continued on page 1609)

Effort To Kill SEC Seen By President

President Roosevelt told his press conference on Oct. 19 that there is an under-cover effort in many parts of the country to get rid of the Securities and Exchange Commission and get back to that awful thing called the good old days.

The President made this statement in announcing the resignation of Edmund Burke, Jr., as a member of the SEC and the appointment of Robert McConnaughey to succeed him. Mr. Roosevelt explained that Mr. Burke was forced to withdraw from Government service for "family reasons." He praised Mr. Burke for his 10 years of service to the Government, the last eight of them with the SEC, as Assistant Director of the Reorganization Division (1935); Director of the Division (1940), and Commissioner (1941). Mr. McConnaughey has served in various legal positions primarily in agricultural agencies of the Government.

With respect to the President's remarks on the effort to kill the SEC, the New York "Herald Tribune" in its Washington advices of Oct. 19 said:

"As the President spoke of tthe alleged undercover campaign, he paused to remark to the newspaper men, who had started taking notes, that he had thought his statement would make their ears pick up. He continued that the certain elements would like to get back to what was known in 1920 or 1921 as normalcy. He added that they wanted to get rid of the protection the SEC affords to what the Greeks called hoi polli, and the President said that most of the people belong to hoi polli.

" 'Can you give us any more information on the specific types of elements involved in that campaign?' he was asked.

"He said he could not; that he was merely offering a tip for the newspaper men to look into, and that the campaign had become pretty obvious in certain newspaper columns recently."

American Metal Co. Has Interesting Situation

Arnhold and S. Bleichroeder, Inc., 30 Broad St., New York City, have prepared a detailed study of American Metal Company, Ltd., which the firm believes offers an interesting situation. The present setup of the company is somewhat outmoded and if the possibility of reshaping this should materialize there could be a considerable appreciation in the price, the study declares. Copies of the study discussing the situation in detail may be had from Arnhold and S. Bleichroeder, Inc., on request.

Investors Tax Kit And Tax Guide For 1943

Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York City, members of the New York Stock Exchange and other leading Exchanges, have issued their 1943 Investor's Tax Kit, containing a booklet entitled "Tax Guide for 1943," work sheets, a handy chart on how to treat capital gains and losses, and a list of suggested exchanges to establish tax gains or losses. Copies of this interesting and instructive kit may be had from Merril Lynch, Pierce, Fenner & Beane upon request.

Real Estate Securities

New York Title & Mortgage Co. F-1 Certificates Probably Largest Real Estate Investment Trust—All Net Income Payable To Holders

Successful operation of real estate to obtain a good rate of return is dependent in a large measure on the ability, efficiency, knowledge and foresight of its administrators and managers. But, the type of property is also an important factor and must be income producing for the management to make it pay.

Experience has demonstrated that six-story elevator apartment houses of modern construction, located in well-populated, prosperous residential areas, have proven themselves good income producers for owners and managers. The rate of return may vary from as low as 10% to as high as 15%. A great amount of time and effort must be put into the management, and unless one makes it a full-time job, it may prove burdensome despite the good income.

Many persons interested in real estate investment and others who have slight knowledge of this field may well read the following article because of the combination of return on the investment and the lack of personal responsibility or effort involved.

This is a recital of facts, describing what may be termed "the original Real Estate Investment Trust" formed under the laws of the State of New York by its Supreme Court. It is administered by three trustees appointed by that Court who are under its control and supervision.

The trustees of Group Series F-1 were appointed in May, 1935, to bring about an orderly liquidation of the assets of the New York Title and Mortgage Co. issue known as Series F-1. The trustees are: Aaron Rabinowitz, Chairman of Fred F. French Investing Co. and President of Spear Securities Corp.; James L. Clare, lawyer, specializing in real estate matters and member of the firm of Chambers, Clare and Morris; Adrian P. Burke, lawyer, specializing in real estate matters and formerly Vice-President of James R. Murphy, Inc.

There were originally 121 units comprising 34 mortgages owned, 44 properties operated under assignment of rents or by receivers, and 43 properties owned as real estate. As of Jan. 1, 1943, there were 66 mortgages owned, one property operated under assignment and 46 properties owned as real estate.

These 113 units were divided in the following groups:

Description—	Amount	% of Total
6-story elevator apartment houses	$16,267,161	64¼
63 in the Bronx 7 in Manhattan		
4- to 5½-story walkup apartment houses	3,711,589	14½
21 in the Bronx 1 in Manhattan		
9- to 16-story elevator apartment houses	2,099,176	8¼
4 in Manhattan		
Miscellaneous — comprising 6 loft buildings, 4 garages, 2 taxpayers, 1 6-story hotel, 1 theatre, 1 fraternal hall and 2 parcels of vacant land	3,273,660	13

Altogether there are 111 income producing properties making up 99⅝% of the assets of the trust estate.

Since the appointment of the trustees they have caused to be purchased and installed several hundred refrigerators, well over one thousand gas ranges, a considerable number of instantaneous hot water heating systems and in addition many new roofs were placed on buildings, and both exteriors and interiors were renovated. One important improvement has been the changing over from manually operated elevators to automatic elevators in a number of buildings, which experience has shown resulted in savings of labor, material and other costs. All of this work, done under the supervision of the trustees, has notably improved and modernized the properties owned as real estate.

There is a continuous effort to maintain the properties owned in a good state of repair, and to cut down costs of operation without impairing the service to tenants. To further this work, the F-One Corporation, originally organized by the trustees, manages substantially all of the real estate owned, with the exception of four units.

In the servicing of the mortgages, the work of the trustees is not merely limited to the collection of interest and amortization. They undertake to make periodic inspections of the properties themselves to make sure that they are maintained in a satisfactory physical condition. Furthermore, a close check-up is made of tax payments and insurance coverage to prevent tax delinquencies and insure adequate protection of the trust estate in case of fire or other accidents.

The total amount of assets as of Jan. 1, 1943, was $25,351,587.45 and participation certificates publicly held were $25,481,888.85.

From June, 1936, to and including June, 1943, a total of 36% has been distributed to certificate holders as income, which was an average of 4.8% annually. Principal payments during this time and including a payment of 1% to be distributed Oct. 30, 1943, totaled 9%.

For the year ended Dec. 31, 1942, of the total net income reported from all sources available for income distributions, $669,-770.27 was received as interest on mortgages owned, and $486,357.21 was the operating net profit from properties owned, including the net receipts of the property operated under a rent assignment.

There has been a definite improvement in the sales of real estate and greater activity in mortgage refinancing during this year. Within the past three weeks the F-1 trustees announced the sale of a six-story elevator house for all cash and a 17-story loft building for cash and a purchase money mortgage.

Under present conditions the liquidation of assets may be accelerated because of the greater demand on the part of investors for the type of properties owned by the trust estate. Then, too, the lending institutions, such as savings banks and insurance companies, are seeking for investment the type of mortgages owned in the estate.

The trustees are fully aware of these conditions, and are undoubtedly seeking to effect sales of properties and mortgages on as favorable terms as possible.

New York Title and Mortgage F-1 certificates appear to answer the requirement of real estate investors for a good income on their money, with no effort involved in the management of the property itself. At present quotations, a current return of over 8% would be obtained, assuming that the same average annual payment mentioned before, is maintained. This, of course, does not take into account the liquidating payments, which have averaged 1½% annually beginning February, 1938, and including October, 1943, with the prospect of accelerated liquidation in view.

Investment Trusts

An Appraisal of Current Market Psychology

"We are already experiencing a 'peace' market in the sense that prices are slowly conforming to the prevailing opinions of investors as to relative values in a post-war economy. As always, many such opinions are distorted by the natural prejudices and sentiments of individuals so that **prices** show substantial deviation from **values.** Undervaluation is most marked in those industries with which the public comes in least contact.

"Thus the investor, realizing that he himself expects to buy a new automobile and that there are many thousands like him, has confidence in the post-war prosperity of the automobile industry and is willing to pay high prices for automobile securities — even though present prices already reflect the prosperity he foresees. But, unfamiliar with the complexities of the steel industry, he fails to realize that it must prosper too. Steel, to him, means tanks, ships and guns, not automobiles, refrigerators, locomotives, rails and the many hundreds of consumers' items of which steel is the base.

"The most extreme undervaluation in stocks continues to be in those held by STEEL SHARES. In discount bonds, the interest-paying issues held by RAILROAD SHARES and GENERAL BOND SHARES are the outstanding values. Buying for retirement by the railroads has been in only moderate amounts so far this year; it should be accentuated in coming months. For greater-than-average appreciation in the next advance of stock prices LOW PRICED SHARES offers the greatest promise." — From the Sept. 30, 1943, Investment Report of the Investment Research Department of **Distributors Group, Incorporated.**

* * *

"The Outlook for the Public Utilities" is the title of the discussion in the latest issue of National Securities & Research Corp.'s **Investment Timing.** Among other things, the article points out that annual interest and amortization charges of privately-owned electric light and power companies have been reduced from $358,000,000 to $293,000,000 in the last ten years. This is a decrease of 18.2% and in the same period electric power production has increased 147%.

Conclusion: "The public utility industry has weathered the storms of regulation, both rate and capital, and increased taxes and may be said to be in a sound condition. The market appraisal of the industry indicates the probability of relative price stability in any disturbances caused by liquidation of war securities, as well as generally favorable longer-term prospects."

* * *

Lord, Abbett has issued revisions of its attractive sales folders on Union Bond Fund "B," Union Common Stock Fund "A" and Union Common Stock Fund "B." The sub-titles on the folders are simple and descriptive. UBB—"Selected Bonds With Good Income." UCSA—"A Portfolio Consisting of Carefully Selected Stocks Chosen For Current Value and Future Prospects." UCSB—Forty-Four Lower-Priced Common Stocks . . . A widely diversified list combining attractive appreciation possibilities with good income."

* * *

MIT's **Brevits** compares the results of the three prize-winning and five "honorable mention" investment programs in **Barron's** "Investing $100,000 for a Widow" contest with the performance of Boston Fund. The contest was held in August, 1939, and the ensuing four years of World War afford a rigorous testing period. The **Brevits** compilation shows that during this four-year period Boston Fund did better than all of the eight investment programs. The average degree of betterment for Boston Fund was 17.6%.

* * *

Calvin Bullock's **Perspective** for October has an excellent discussion of "Non-Ferrous Metals: Post-War Outlook." An eight-year tabulation of earnings and price ratios for American and Canadian companies substantiates the statement that, "the shares are selling at the lowest price-times-earnings for a considerable period of time." The bulletin goes on to point out, however, that this does not mean the stocks of all non-ferrous metals producers are now reasonably priced. Selectivity is the keynote to investor success in this group.

* * *

Investors Mutual, Inc., sponsored by Investors Syndicate of Minneapolis, is out with a new prospectus dated Oct. 3, 1943. It is an interesting document not alone by reason of its good appearance and simple language. A numbered receipt is attached, calling for the dated signature of the applicant who wishes to purchase shares of the Fund. Another unusual feature for a Mutual Fund prospectus is the section entitled, "Pending Litigation." Part of this litigation was settled this week by a consent decree in agreement with SEC attorneys.

Dividends

Boston Fund—A dividend of 16 cents per share payable Nov. 20, 1943, to stock of record Oct. 29.

Railroad Securities

(Continued from page 1593)

Mortgage 4s which will be increased approximately 28% by the redistribution. It appears likely that the Fort Scott bonds will receive around $785 in new 1st Mortgage bonds, the Prior Lien 4s may receive $187, the Prior Lien 5s about $197 and the Consolidated 4½s approximately $220. The balance of the Fort Scott claim will be settled in Income bonds while the other liens will get a combination of Income bonds and Preferred and Common stocks. It is in the stock categories that the Prior Liens will fare considerably better than the Consolidated 4½s.

With no stock to go to the Fort Scotts, the stock treatment of the Consolidated 4½s will rest entirely on the pledge of Prior Lien bonds which is in the ratio of about one for two. The Prior Lien bonds, therefore, are expected to get about twice as much Preferred and Common stock per bond as will be given to the Consolidated 4½s. While the market is giving high evaluations to new reorganization equities the Prior Lien bonds have the better speculative potentialities although the larger proportion of new fixed interest bonds to be received makes the Consolidated 4½s more attractive on a strictly investment basis. All of the bonds are considered attractively priced in relation to the rest of the reorganization market, particularly as further cash payments seem likely next year, and so long as consummation of the reorganization is delayed.

Florida Bond Quotations

Clyde C. Pierce Corp., Barnett Building, Jacksonville, Fla., has prepared an interesting circular containing quotations and information on Florida municipal bonds. Copies of this circular may be had upon request from Clyde C. Pierce Corporation.

IBA Meeting To Study Problem of Financing Govt. In War And Enterprise After War

Program Announced For Three-Day Conference

What is termed "newsy developments" will mark this year's annual meeting of the Investment Bankers' Association of America, which is to be held in New York at the Waldorf-Astoria Hotel on Nov. 3, 4 and 5, and will take the form of a conference on war and post-war financing. In announcing the program on Oct. 18, Jay N. Whipple of Bacon, Whipple & Co., Chicago, President, points out that this will be the second year in which an abbreviated session on problems arising out of the war has replaced the former convention type annual meeting of the Association. The announcement states that among the principal speakers scheduled for the meeting are Fred M. Vinson, Director of Economic Stabilization; George W. Spinney, President of the Bank of Montreal; J. C. Folger of Folger, Nolan & Co., Washington, who is to be elected President at the close of the meeting, and Mr. Whipple.

A special feature of the program will be a forum devoted to the problems of financing the Government during the war and financing enterprise after the war. Speakers at that session will include Edward B. Hall, former IBA President, who is serving as Assistant to the Secretary of the Treasury, on leave of absence from Harris, Hall & Co., his Chicago investment house; John F. Fennelly, Executive Director of the Committee for Economic Development, a former Chicago investment banker, and Albert P. Everts, partner of the Boston investment firm of Paine, Webber, Jackson & Curtis, who is also Chairman of the Massachusetts War Finance Committee of the Treasury Department.

Scheduled for issuance at the meeting are research reports by a number of the Association's standing committees which have been conducting surveys of the post-war financing requirements in the major fields of industry.

The meeting is being held in New York to minimize travel for delegates, the heaviest membership being in the large eastern financial centers.

The program to be presented at this, the 32nd Annual Meeting of the Association, is outlined as follows by the Association:

Wednesday, Nov. 3

10:30 a.m.—Committee meetings.
2:30 p.m.—First session of the meeting.

Address by President Jay N. Whipple.

Certain Committee reports.

6:30 p.m.—Informal get-together followed by informal dinner.

Thursday, Nov. 4

10:15 a.m.—Meeting of the Board of Governors.
12:30 p.m.—Luncheon, Grand Ball Room.

Address by Mr. George W. Spinney, C.M.G., President of the Bank of Montreal and former Chairman of the National War Finance Committee of Canada.

2:15 pm.—Second session of the meeting.

This session will be devoted to discussions of the Government's war financing and to private financing in the post-war period.

Edward B. Hall, Assistant to the Secretary of the Treasury (on leave from Harris, Hall & Co.), will address the meeting on the subject of War Financing.

Albert P. Everts (of Paine, Webber, Jackson & Curtis), Chairman of the Massachusetts War Finance Committee, will review the Third War Loan Drive in that State.

In addition, other Government representatives, as well as members of the industry who have taken an active part in the war financing program, are expected to attend and participate in the discussion.

The following Chairmen of IBA Committees will summarize briefly their formal committee reports on private financing requirements after the war:

Albert T. Armitage, Coffin & Burr, Boston, Chairman, Public Service Securities Committee.

H. Fred Hagemann, Jr., The Boatmen's National Bank, St. Louis, Chairman, Municipal Securities Committee.

John S. Loomis, The Illinois Company of Chicago, Chicago, Chairman, Railroad Securities Committee.

Percy M. Stewart, Kuhn, Loeb & Co., New York, Chairman, Industrial Securities Committee.

Following these summarized reports, John F. Fennelly, Executive Director, Committee for Economic Development, Washington, and former partner of Glore, Forgan & Co., will address the meeting.

6:45 p.m.—Get-Together Reception.

7:45 p.m.—Dinner — Grand Ball Room.

Address by Fred M. Vinson, Director of Economic Stabilization.

Friday, Nov. 5

10:30 a.m.—Third Section of the meeting.

Certain committee reports.

Election of officers for 1943-1944.

Induction into office of governors-elect.

Address by incoming President John Clifford Folger.

The announcement states that all reservations for rooms at the Waldorf-Astoria must be made through the Association; the hotel will not accept reservations directly. The Association's headquarters, 33 South Clark Street, Chicago.

California Electric Securities Offered

Public offering was made on Oct. 19 of a new issue of $16,000,000 of first mortgage 3½% bonds, due 1968, and 40,000 shares of 5¼% convertible prior preferred stock of the California Electric Power Co., as part of its recapitalization program. The bonds are being offered at 103½ by a banking group headed by Dillon, Read & Co., and the preferred shares, priced at $102.50 a share, are being offered by a syndicate headed by Stone & Webster and Blodget, Inc., and Bosworth, Chanute, Loughridge & Co.

The proceeds from the sale of the above mentioned securities, together with $4,900,000 obtained last week from the Imperial Irrigation District in payment for certain transmission and distribution facilities, franchises and other properties which the California Electric Power Co. sold to the District, will be applied to the redemption of all of the outstanding first trust mortgage 5% bonds, due 1956, and, to the extent necessary, to pay in full the unpaid balance on a 3% installment note of the Power company.

Giving effect to the new financing, capitalization of the company will consist of $16,000,000 of first mortgage bonds, 40,000 of 5¼% preferred of an authorized issue of 100,000 shares; 104,963 shares of $3 cumulative dividend preferred, of $50 par value, of an authorized issue of 150,000 shares, and 714,821 shares of common stock, of $1 par value, of an authorized issue of 1,200,000 shares.

B. & M. Railroad Has Interesting Situation

B. W. Pizzini & Co., 55 Broadway, New York City, have prepared an interesting ten-page analysis of the Boston & Maine Railroad discussing this situation in detail. Copies of the analysis may be had from the firm upon request.

Attractive Situations

Gisholt Machine Co., Stromberg-Carlson, and Haloid Co. offer attractive situations, according to memoranda prepared by Herzog & Co., 170 Broadway, New York City. Copies of these interesting memoranda may be obtained upon request from Herzog & Co.

The Securities Salesman's Corner

How One Salesman Increased His Sales Volume

One day last week we had the pleasure of taking lunch with an old friend whom we had not seen for several years. This is always a pleasant occasion—to see an old friend—but it is even more so when he tells you that he is selling more securities this year than any time during his past ten years in the investment business.

Naturally we were curious to learn the reason for this fortunate situation during a year, that from all outward indications, has not been generally productive of increased sales volume throughout the country. Contrary to what might ordinarily contribute to a salesman's increased volume, our friend attributed his excellent business to the fact that he had for the first time in his life "begun to slow down and take it easy."

He went on to tell us that for years he had been what is usually known in sales organizations as the sort of a fellow they call a "plugger." He used to lay out so many calls a day and rain or shine he'd make them. For years, he said he did this until it became his habitual routine. The system paid him well enough—as it usually will—if one diligently follows it.

Then one day last fall, he said, he figured out that with the shortage of transportation facilities, lack of gasoline for his car, and the extra time he had to waste in travelling by bus, street car, or train, that he would have to make fewer but more productive calls. That is exactly what he did and this is how he did it—

He figured out that the larger investor would only be interested in situations that were tax free from an income standpoint, or in those that HAD UNUSUAL APPRECIATION POSSIBILITIES. Since he didn't know municipals and furthermore his firm did not sell them, he went after the larger accounts on the principle that the income tax liability against capital gains under the present tax laws made it more profitable for the LARGER INVESTOR TO PURCHASE SECURITIES THAT HAD UNUSUAL APPRECIATION POSSIBILITIES RATHER THAN ANY OTHER CLASS OF INVESTMENTS.

He devised several good pre-approach letters on this subject; he became thoroughly familiar with present income tax laws, and he sold several non-income paying speculative securities at the very start of his campaign and they turned out to be very profitable. From this starting point he obtained entre to friends of certain of his clients that were very much impressed with the way their SPECULATIVE HOLDINGS WERE APPRECIATING IN VALUE AND THE FACT THAT THEY COULD RETAIN A GOODLY PORTION OF THESE PROFITS.

Of course, there was much more to our friend's little story than, as he put it, "he began to get lazy." There was a sound idea behind his campaign and if the leg work was less, the brain work increased. Some times it takes a situation like the one with which the average securities dealer or salesman is faced today to bring out the inner resourcefulness that is latent in most of us. In this case, as our frend put it, he proved to himself that the fellow who said "necessity is the mother of invention" was surely right. Or in other words, as we told him, "Here was one time when the OPA and gas rationing was the ill-wind that blew him a lot of good."

One good idea can be worth a fortune to the salesman who has the creative imagination to find it and the ability to put it to work. Under today's conditions it is almost imperative that you do both—so find your plan and stick to it until you get results.

The Future Of Savings

(Continued from page 1591)

first nine months of this year savings bank deposits rose $329,000,000, exclusive of dividends, against a decline of $155,000,000 in the corresponding period of last year. The trend in savings deposits this year contrasted sharply with that for the ten years ended last Jan. 1, said Mr. Bell. In that decade, savings bank deposits, inclusive of dividends, increased only $257,000,000, indicating that these banks not only failed to attract new money but were unable to retain on their books $866,000,000 out of the $1,123,000,000 of the dividends they paid, he said. Now the appeal of the savings banks to the public seemed to be regaining its old force, he declared.

Savings banks in the post-war period could not expect to compete for deposits upon the basis of higher dividend rates, said Mr. Bell. But an even more important influence upon deposit volume than dividend rates, the Superintendent said, was location. "If a savings bank is to attract deposits," he said, "it must offer its services where they are most needed." He added

"If the location is right, a savings bank paying 1½% will attract deposits just as surely as a 2% bank.

"There are two approaches to this problem which a savings bank can make. It can invite the savings dollar in a neighborhood where the wage-earner lives; it can invite the savings dollar in a neighborhood where the wage-earner works. But whether the area be residential or business, if the savings bank is to grow, it must draw its deposits from an area that is also growing.

"Banks cannot accommodate growing neighborhoods except by establishing offices in them. If the restrictions in the banking law against more than one branch prevent savings banks from adequately serving the public, then we shall have to give consideration to modifying those restrictions."

Mr. Bell said that savings banks made excessive outlays on banking houses in the 1920s. There was nothing in the record, he said, to show that more modest quarters would not be just as effective in attracting deposits.

Tracing the changes in the asset composition of the savings banks for the last 20 years, Mr. Bell said that these banks now had for every $100 of assets $6 in cash, against $5 in 1930 and $4 in 1920, and $37 of Government securities, against $16 in 1920 and $4.50 in 1930. Mortgage assets comprise 46% of total assets, he said, against 62% in 1930 and 47% in 1920.

On the operating side, expenses had gone up nearly 50% in the last eight years, but, with dividends to depositors reduced, net earnings after dividends had actually increased, Mr. Bell said.

Peoples Light & Power Situation Interesting

Preferred stock of the Peoples Light & Power Co. offers attractive possibilities according to a memorandum issued by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading national Exchanges. Copies of this memorandum discussing the situation may be had from Ira Haupt & Co. upon request.

Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

It is no surprise that the third quarter statements of New York City banks revealed a continuation of the upward trend in earnings. Each of the 16 banks shown in the accompanying table has indicated earnings for the third quarter of 1943 higher than for the comparable quarter in 1942. Nine months' indicated earnings, also, are higher than for the same nine months' period last year, except in the case of First National Bank.

Of particular interest is the fact that annual dividends are more than covered by the nine months' earnings for 13 of the 16 banks in the list, the exceptions being First National, Irving Trust and United States Trust.

INDICATED EARNINGS PER SHARE

	1942			1943			
	Six Months	Third Quarter	Nine Months	Six Months	Third Quarter	Nine Months	Annual Dividend
Bank of Manhattan	$0.63	$0.35	$0.98	$0.66	$0.36	$1.02	$0.90
Bank of New York	8.58	5.01	13.59	12.05	6.23	18.28	14.00
Bankers Trust	1.26	0.70	1.96	*3.64	0.76	4.40	1.40
Central Hanover	2.26	1.25	3.51	2.55	1.50	4.05	4.00
Chase National	0.76	0.45	1.21	1.35	†0.93	2.28	1.40
Chemical	1.15	0.62	1.77	1.31	0.74	2.05	1.80
Commercial Nat.	6.11	2.89	9.00	8.06	4.80	12.86	8.00
Corn Exchange	1.53	0.78	2.31	1.63	0.94	2.57	2.40
First National	45.08	18.58	73.66	49.83	21.85	71.68	80.00
Guaranty Trust	6.00	3.00	‡9.00	9.23	5.36	14.59	12.00
Irving Trust	0.32	0.17	0.49	0.38	0.20	0.58	0.60
Manufacturers (Com.)	1.86	1.00	2.86	2.17	1.12	3.29	2.00
††National City	0.85	0.47	1.32	§2.20	0.60	2.80	1.00
New York Trust	2.49	1.36	¶3.85	**2.79	1.60	4.39	3.50
Public National	1.41	0.73	2.14	1.51	0.85	2.36	1.50
U. S. Trust	28.51	16.59	45.10	32.52	17.55	50.07	70.00

*Includes transfer of $2.80 from reserves and reflects $0.80 write-down of building. †Includes security profits. ‡In 1942 statements indicated only dividends. §Includes $1.21 of recoveries. ¶On 500,000 shares. **On 500,000 shares first quarter; 600,000 shares, second and third quarters. ††Includes City Bank Farmers Trust.

Despite this not unexpected splendid showing, it has not been reflected in the bank stock market, either before or since the statement dates. In fact, New York City bank stocks have stood practically still for several weeks, and since Sept. 30 have even declined. The American Banker Index of New York City Banks shows the following record since mid-year:

June 30	36.8	Aug. 31	36.9
July 10	36.9	Sept. 10	36.7
July 20	37.2	Sept. 20	37.0
July 31	36.7	Sept. 30	36.9
Aug. 10	37.2	Oct. 9	36.6
Aug. 20	37.1	Oct. 15	36.7

Presumably this decline expresses fears that the Treasury's proposals for an increase in the corporate surtax rate from 16% to 26% will seriously affect the banks' earnings. Unquestionably, such an increase, if approved by Congress and enacted into law, would increase the tax burden of the banks, but since it would come at a time when the banks are enjoying a period of rising income, and since they will start the year 1944 with their volume of earnings assets at the highest level in history, it seems pretty certain that such additional taxation could be absorbed without materially affecting, if at all, their present level of net earnings. Meanwhile, the banks are building up reserves and capital funds from earnings which are substantially in excess of current dividend requirements. The following table shows the increases in the book values which have been achieved since the first of the year.

BOOK VALUE PER SHARE

	12-31-42	9-30-43	Asked Price 10-15-43
Bank of Manhattan	$24.28	$24.70	$20⅝
Bank of New York	348.55	356.33	376
Bankers Trust	46.07	49.42	47¼
Central Hanover	95.87	96.92	98¾
Chase National	33.19	35.85	37
Chemical	40.23	40.93	46½
Commercial National	235.42	242.29	217
Corn Exchange	48.18	49.03	48⅜
First National	1,220.44	1,232.13	1,525
Guaranty Trust	310.52	319.53	308
Irving Trust	20.89	21.12	14
Manufacturers (Com.)	38.80	41.11	48¼
*National City	32.62	35.01	33¾
New York Trust	82.99	84.22	90¾
Public National	46.17	47.74	36¼
U. S. Trust	1,545.25	1,509.85	1,240

*Includes City Bank Farmers Trust.

It is of interest to note that 9 of the above 16 banks are currently priced below book value, and that the average dividend yield of the 16 is 4.1%, ranging between a low of 3.0% for Bankers Trust and National City to a high of 5.6% for United States Trust.

New Orleans Bond Club Officials Announced

NEW ORLEANS, LA.—At the annual meeting of The Bond Club of New Orleans the following officers and directors were elected and have taken office to serve for the fiscal year 1943-44:

President: H. Wilson Arnold, Weil & Arnold; Vice-President: Price Crane, Glas & Crane; Secretary-Treasurer: Claude J. Derbes, Couturier & Derbes.

Directors: J. H. de la Vergne, White, Hattier & Sanford; J. Wilbur Jesse, Waters & Alcus; Albert J. Mayer, Weil & Co.; Clifford C. Morphy.

There are approximately 65 active members of The Bond Club of New Orleans at this time.

To Be Partner

Eisele & King, Libaire, Stout & Co., 50 Broadway, New York City, members of the New York Stock Exchange, will admit Benjamin Rachlin to limited partnership in the firm as of Oct. 30.

Missouri Brevities

St. Louis County Bridge Revenue Bonds Default

The County Court of St. Louis County, Missouri, Trustees of the St. Louis County Bridge under construction near Jefferson Barracks, Mo., in announcing default of the Oct. 1 interest, reviewed the circumstances responsible for this development. Contract for construction of the bridge was let Oct. 28, 1940, and stipulated that it was to be completed in 600 days from December 5, 1940. Under normal conditions the project should have been completed by Aug. 28, 1942. Soon after the contract was let the U. S. Government adopted the Defense Program and on Dec. 7, 1941, we entered World War II. These developments handicapped the contractor in obtaining materials and labor. Work was further delayed by floods and in October, 1941, a coffer-dam for the pier adjoining the bank on the Missouri shore was carried away. Completion of this pier was delayed a year due to continued high water and erection of the necessary falsework for the truss span to reach this pier was delayed for another eight months.

A further complication arose in December, 1941, when the Missouri and Illinois Highway Departments were prevented from letting contracts for construction of the approach highways by a war-time ruling of the U. S. Public Roads Administration. About nine months elapsed before permission was obtained to construct these roads. The Missouri portion is now nearly completed but recent high water in the lowlands on the Illinois side have delayed construction three or four months and winter conditions will probably prevent completion of this approach highway until next spring. (It is also understood that the War Production Board has been reluctant to grant the necessary priorities for construction of overpasses at two railroad crossings and if these are refused construction of the highway at grade crossing level would be carried out.) The bridge itself is said to be practically completed except for certain painting, rail installations, etc., and is expected to be ready for traffic in two or three weeks, but little traffic can be expected pending completion of the approaches.

Sufficient funds were set aside at the time of issuance of the bonds to pay interest during the estimated period of construction and for twelve months thereafter. The interest and sinking fund account still has $24,108.18, leaving a balance of $24,645.82 needed to equal the Oct. 1, 1943, interest figure. The court order under which the bonds were issued provides that any funds remaining in the construction account after the bridge is completed and paid for shall be transferred to the interest and sinking fund account. The Trustees have expressed their opinion that such funds will be sufficient to pay the Oct. 1, 1943, interest; however, actual transfer of the funds must await completion of the bridge and settlement of several condemnation suits on rights-of-way. The question of whether these funds can be used to pay interest or must be utilized in retirement of bonds will also have to be determined before payment of the October coupon can be authorized. However, counsel for the Trustees has advised that these funds can be used for the payment of interest and the Trustees have indicated that as soon as the funds become available they will take the necessary steps to decide the question and, if possible, pay the interest.

Prior to the announcement of the default Oct. 1, 1943, St. Louis County, Missouri, Toll Bridge Revenue 3¾s of 1965 were trading around 73 to 77 and are currently quoted 69 to 72 nominal.

The opinion has been expressed in trading circles that some liquidation may appear as substantial blocks are believed to have been placed originally with institutions.

Missouri's Bring High Prices

A total of $358,000 of State of Missouri 3½ and 4¼% bonds, maturing 1951-53, were sold in the market late last week by an investment account in St. Louis, presumably an insurance company. Of the total, $348,000 were purchased by the Mercantile Commerce Bank & Trust Co., of St. Louis, consisting of $50,000 3½s of 1951 and $298,000 3½s, due Aug. 1, 1952 and Sept. 15, 1952. The bank paid a price of 119.63 for the bonds, due 1951, and prices of 120.96 and 121.40 for the obligations maturing Aug. 1, 1952, and Sept. 15, 1952, respectively. The other $10,000, consisting of 4¼s of 1953, were purchased by the Harris Trust & Savings Bank of Chicago at a price of 128.54.

Scullin Steel Rapidly Reduces Debt

Capacity operations, record earnings, and funds from the condemnation award from the City of St. Louis have combined to enable Scullin Steel Company to reduce its funded debt $999,500 during 1942 and 1943. Total reductions since reorganization in 1937 have amounted to 33.7%. Present outstanding debt consists solely of $2,240,000 First Mortgage Convertible Sinking Fund 3%-6% bonds, due Oct. 1, 1951. Current market 89-91.

Scruggs-Vandervoort-Barney Earnings

Although net sales of Scruggs-Vandervoort-Barney, St Louis department store, including the Denver Dry Goods Co. and Jaccard's, increased $3,299,730 to $24,214,810 in the year ended July 31, 1943, a jump of $950,803 in Federal income and excess profits taxes held net income to $880,019 equal after preferred dividends to $4.46 per share of common, compared with $870,514 or $4.41 per share in the preceding year. The common stock is selling around 14½-15 compared with a 1943 low of 8½. Dividends this year have totaled 50c per share compared with a total of 75c distributed in 1942.

OUR REPORTER'S REPORT

Investors, who have been leaning somewhat more heavily toward equities, according to underwriting bankers who have studied the situation recently, will have an opportunity to take a look at a few stocks shortly unless something happens to change the outlook for the new issue market.

Early next week, probably on Tuesday, a banking group will place on the market 150,000 shares of new $4 cumulative preferred stock of McKesson & Robbins Inc., recently placed in registration with the Securities and Exchange Commission.

Since this is not a utility offering, and accordingly not subject to the U-50 Rule, providing for competitive bidding, bankers will be guided as to the time of offering, by their feel of market conditions.

An amendment to the registration statement setting forth the proposed offering price on the preferred probably will be filed over the week-end. Thus far dealers have not been attempting very strenuously to guess what it will be.

Proceeds will be applied by the company, along with other funds, to the redemption of all outstanding debentures and preferred stock, requiring about $6,132,000 exclusive of accrued interest and dividends.

Another Big Stock Offer

Meanwhile bankers are preparing to handle another stock deal, one of the largest in recent months, growing out of integration of public utility properties to conform with the Public Utility Holding Company Act.

Decision is due by the Securities and Exchange Commission on a plea by the Cities Service Power & Light Company, that the sale of its common stock holdings in Public Service Company of Colorado be exempt from Rule U-50.

Under a recapitalization plan designed to meet requirements of the Act, Cities Service Power & Light proposes to exchange its holdings of preferred stocks of the subsidiary for common stock, and then offer all its holdings of the junior issue publicly.

This program involving public offering of 875,000 shares of Public Service of Colorado common, could come through next week also, but whether it is subject to competitive bidding or negotiation remains for the SEC to decide.

Atlanta Gas Light Co.

Recent sale of the Atlanta Gas Light Company's $7,500,000 of first mortgage 3 per cent bonds, as expected brought out a host of bids from bankers who had had little in the way of such business through the period of the Third War Loan Drive.

And to add an element of spice, it developed that a dark horse captured the bonds, outbidding several other groups by a fair margin.

But it develops now that the winning group, according to the story, had orders for by far the largest part of the issue and based its bid accordingly. It is understood that no less than $5,800,000 of the bonds were placed with New England and other insurance companies, leaving only a small balance to be marketed the regular way.

Delaware Power & Light Co.

Bids are due to be opened on Monday on the Delaware Power & Light Company's offering of $15,000,000 of first mortgage and collateral trust bonds carrying a 3 per cent coupon, and 40,000 shares of its preferred stock, cumulative of $100 par.

From gossip around dealer circles it appeared that competition here would be fairly keen. In the case of the preferred stock, bidders will name the dividend rate which must not exceed 4.4 per cent.

West Texas Utilities 3⅛s.

A cue to the strong undertone prevailing marketwise was seen this week in the action of the recently marketed West Texas Utilities Company 3⅛ per cent bonds when the syndicate supporting bid was withdrawn.

The bonds, brought out in early September, at a price of 102.46 and interest, eased only a fraction from the offering level, suggesting a fairly well cleaned up position.

State Dept. And CAB To Collaborate On Post-War Air Rights

The State Department and the Civil Aeronautics Board at Washington announced in a joint statement on October 15 that they would collaborate in seeking new rights for aviation companies in foreign countries after the war.

The statement explained that companies wishing to develop new international air services should apply to the CAB for certificates of public convenience and necessity and copies of these applications will be forwarded to the State Department for information and comment. It was emphasized that questions of landing rights in foreign countries and other matters affecting foreign policy will be dealt with "through close consultation" between the two agencies. In the joint statement it was stated:

"The Department of State has a primary interest in the subject from the standpoint of foreign policy and international relations, including the broad economic effects of aviation in foreign countries.

"The Civil Aeronautics Board is charged with the responsibility, within the framework and guided by the policies of applicable legislation, of developing policy with respect to the organization and functioning of civil air transportation.

"Determination of route and the like are matters for decision by the board, though the Department of State may bring to the attention of the board considerations and facts relating to foreign policy which may be relevant to the subject-matter of any determination in respect of which the Department is consulted or may have an interest based on consideration of foreign relations."

Paul & Co. Elects

PHILADELPHIA, PA.—At a reorganization meeting of the board of directors of Paul & Co., Inc., 1420 Walnut St., the following officers were elected:

William L. Canady, President; Clyde L. Paul, Vice-President and Treasurer; Edward S. Lewis, Vice-President and Secretary; Ralph E. Pendergast, Vice-President; John S. Brennan, M. Lester Snyder, and John V. N. Barbarin, Assistant Secretaries and Assistant Treasurers; Howard J. Lynch, Assistant Treasurer.

Attractive Possibilities

Howell Electric Motors offers attractive possibilities as an outstanding company with no post-war conversion problem, according to an interesting analysis of the situation prepared by Allman, Moreland & Co., Penobscot Building, Detroit, Mich., members of the Detroit Stock Exchange. Copies of this circular may be had from the firm upon request.

With Expanding Govt. Debt And Higher Taxes, Looks For Higher Price Levels In Post-War Era

(Continued from page 1605)

the 'healthy' advertising messages of individual roasters. It will become easier and easier to sell good coffee and increasingly more difficult to market an inferior blend. A least for the duration, the trend of consumer buying is toward more expensive coffee, in solid packages.

"This is but a trend and does not mean that the American housewife has forgotten the meaning of the word 'thrift.'

"Inflationary forces have been at work on prices, as we all know, for some months and will continue for some years to come but there will be no runaway inflation either during or after the war. Why? Because a plentiful supply of goods and labor eventually must bring deflation and barring the period of rehabilitation right after the war, everything points to a plentiful supply of almost anything you can name, including labor.

"Raw materials, labor, machinery and distribution — these are the big four of industry. Trouble with any one spells trouble for business. In the war so far we have witnessed troubles along all four fronts often at different times Garner enough supplies, and labor is scarce; get the labor, and machinery is inadequate; synchronize materials-labor-and processing equipment, and transportation becomes the bottleneck. And so it has gone.

"Raw materials promise to be more plentiful, while transportation promises to get worse later this year and early next. After the turn of the year, if not before, all signs point to a slightly better supply of labor because American production of war supplies has about reached the scaling down point and replacements for the armed forces will soon come only from those reaching 18 years of ago. And more labor plus more raw materials will eventually mean sufficient machinery and a gradual betterment of the country's problems.

"Best informed sources see an end of the European phase of the war next year, some few even predict a German collapse before Christmas. Men who should know fear most the period immediately after the Axis defeat. See the possibility of a widespread breakdown of wartime controls when they are needed most. Reason—a spending spree with the billions of savings in the hands of American consumers.

"Peace will bring a scramble for all available supplies of coffee, and should produce strong tone in both consuming and producing countries. Producers know that European markets may take years to reach pre-war status, but markets always begin discounting coming events long ahead. And, so fast moving are this era's developments that demand in Europe and other parts of the world may surprise even the optimists.

"Allocation of supplies by producers to various markets of the world is simple when sufficient stocks exist but what happens when supplies are inadequate, or about in balance. Breakdown of controls or laxity in enforcement, follows any attempt to divide any article among too large and conglomerate a group. Black markets under rationing is a typical example. I still see a world shortage of coffee as a distinct possibility in the future. Only time, however, will tell whether or not it can be averted."

At the end of his address Mr. Paton summed up his views as follows:

"The price level will go higher.

"But a runaway inflation is unlikely.

"War restrictions and troubles will lessen.

"Consumer losses will be quickly regained.

"Peace is not far distant.

"And, an insufficient supply of coffee at some future date is still a possibility."

Halsey, Stuart Group Offers Rail Certificates

A syndicate headed by Halsey, Stuart & Co., Inc., is currently making public offering of $15,000,000 Illinois Central Railroad 2½% equipment trust certificates at prices to yield from 0.75% to 3%, according to maturity. The certificates mature semi-annually on March 1 and Sept. 1 from 1944 to 1951 incl. and the proceeds of the sale will be used by the Illinois Railroad to pay its debt to the Reconstruction Finance Corporation.

Halsey, Stuart & Co., Inc. and Associates purchased the issue from the railroad on a bid of 98.3373. The certificates will be issued against equipment currently in service. It consists of 582 locomotives, 535 passenger cars and 6,548 freight cars. Their original cost was estimated at $71,803,431 and depreciated value on Sept. 1, last, at $30,170,347.

In addition to Halsey, Stuart & Co., other members of the offering include the following: E. H. Rollins & Sons., Inc.; Wertheim & Co.; Blair & Co., Inc.; Otis & Co., Inc.; R. W. Pressprich & Co.; A. C. Allyn & Co., Inc.; The Illinois Company of Chicago; L. F. Rothschild & Co.; Graham, Parsons & Co.; Stifel, Nicolaus & Co., Inc. and Equitable Securities Corporation.

Enterprise In Post-War America

(Continued from page 1590)

future of free enterprise depended on how America answered a dozen major questions which it now faces and which have not yet been resolved.

The questions embraced problems of contract terminations; the disposal of surplus materials which will amount to $50,000,000,000; the disposal of government owned plants which have increased facilities by 25%; the future of government policy on credit; the volume of foreign trade and rehabilitation and whether the policy will be determined on the basis of diplomacy in the State Department or the invigoration of trade outside the Department; the future of rationing and other restrictions and the strength of the desire to return to normalcy; policies on demobilization of the armed forces and the industrial workers; whether the tax policy will be one for revenue only; the problems of policing the peace; the relationship between government and business; and the final policy of government spending.

Mr. Henderson insisted that the questions he raised must be resolved before 1946, the first of the full post-war years, or America would face a debacle much greater than the depression of the 'Thirties.

Cons. Natural Gas Co. Situation of Interest

Consolidated Natural Gas common w. i. offers attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. An interesting circular upon the company may be had from Reynolds & Co. upon request.

Michigan Dealers Recommend

Allman, Moreland & Co., Penobscot Building, will send on request a late analysis of **Howell Electric Motors Co.**, an outstanding company with no post-war conversion problem.

Baker, Simonds & Co., Buhl Building, have compiled recent analyses of **Miller Tool & Manufacturing Co.** and **Superior Tool & Die Co.** Copies are available on request.

Campbell, McCarty & Co., Buhl Building, has recently made a secondary offering of 12,900 shares of **S. S. Kresge Company** common stock, and underwritten 30,000 shares of **Industrial Wire Cloth Products Corporation of Michigan** common stock.

Morgenthau On Tour For Monetary Talks

Secretary of the Treasury Morgenthau is now on an aerial tour of the war fronts, it was disclosed in Washington on Oct. 18. The Secretary, accompanied by Dr. Harry D. White, Director of the Treasury Department's Division of Monetary Research, and Fred Smith, a confidential adviser, was reported to have arrived in Algiers on Oct. 15 but no further details of the itinerary have been revealed. In the course of the tour, according to the United Press, Mr. Morgenthau is expected to lay American plans for a post-war stabilization fund and world bank before many nations.

He also will talk money matters with Allied military commanders, presumably about the use of invasion money by the armed forces.

The Treasury's plans for a "United Nations Bank for Reconstruction and Development" were given in our issue of Oct. 14, page 1486. The preliminary post-war stabilization plan, authored by Dr. White, appeared in these columns of April 8, page 1300, and the revised draft in our Aug. 26th issue, page 829.

Situations of Interest

The current situations in The National Radiator Company and Public National Bank and Trust Co. offer attractive possibilities, according to memoranda being distributed by C. E. Unterberg & Co., 61 Broadway, New York City. Copies of these interesting memoranda may be had from the firm upon request.

Michigan Brevities

"Had it not been for the banking division, Michigan would not have gone over the top."

With these congratulatory words of Frank Isbey, head of the Michigan drive, in their ears, members of the banking and investment banking fraternity held their "Victory Party" the night of October 8 in the Savoyard Club in the Buhl Building.

The banking division sold $400,000,000 as against a $286,000,000 quota.

The special names section, made up largely of investment bankers, had the difficult job of calling on individuals—but did an outstanding job. In the Second War Loan, its quota was $15,000,000. In the Third War Loan this was increased to $30,000,000, and when it looked like the drive was failing, they went out and sold $47,000,000 worth of bonds to top the quota by 40%.

Walter S. McLucas, Chairman of the National Bank of Detroit, who headed the State drive, congratulated them as did Wayne County Co-Chairman McPherson Browning of the Detroit Trust Co., and Ralph W. Simonds of Baker Simonds & Co.

Charles M. Ettinger of Halsey, Stuart & Co., won the top individual prize, a statuette by Gwen Lux.

Mandamus suits to require payment of principal and interest on several million dollars' worth of drain bonds are on file in Macomb and Oakland County Circuit Courts.

There are 27 suits in Oakland asking that the Treasurer and Drain Commissioner be compelled to pay principal and interest on county drain bonds outstanding since 1928 in the amount of $2,200,000 and seeking judgment on the other bonds totaling $800,000.

Five suits were filed in Oakland County against the Board of Supervisors, the Drain Commissioner and County Treasurer seeking payment of past due bonds and interest either from special assessment funds on hand, the county general fund, or through additional assessment rolls. The City of Highland Park is a petitioner.

Nine other suits were filed against the drain assessment district in Oakland County for sums totaling $353,000.

The Michigan division of the Investment Bankers Association held its annual meeting last Monday night at the Detroit Club.

Guest speaker was George Romney, head of the Automotive Council for War Production, who addressed them on business opportunities which will arise out of the war.

And a sizable junket of Michigan men will attend the IBA convention in New York City, which starts on November 3.

Among those scheduled to attend are: Charles A. Parcells of Charles A. Parcells & Co.; Oscar Buhr, Detroit Trust Co.; Fred Campbell and Phil Watson, Campbell, McCarty & Co.; Reginald MacArthur, Miller, Kenower & Co.; Duncan J. McNabb, Carlton M. Higbe Corp.; Gordon Hill, Watling, Lerchen & Co.; Harry W. Kerr, Crouse, Bennett, Smith & Co.; Sid Gilbreath and Henry Hart, First of Michigan Corp.; and Fred A. Bargmann, Braun, Bosworth & Co.

Of local interest was the offering this week by Campbell, McCarty & Co. of 30,750 shares of common stock of the Imperial Wire Cloth Products Corp., Wayne, Mich.

Available only to residents of Michigan, the price was $8 per share.

A small selling group was arranged locally by Campbell, McCarty & Co. to market the stock. It was not new financing, the stock having been acquired previously either by the underwriter or the company.

And the State of Michigan made a net profit of $35,725,634 from operations during the fiscal year ending June 30, 1943, according to Auditor General Vernon J. Brown.

Under the edict of the 1943 Legislature, $7,800,000 will be earmarked for post-war construction and the balance will go into a post-war fund to liquidate such obligations as the State might incur after the war—such as a soldiers' bonus.

Revenues collected during the year totaled $243,880,000 as compared with expenses of $214,740,000.

The State Municipal Finance Commission has approved a $265,000 bond issue for the village of Grosse Pointe Woods, the money to be used for completion and additions to the village system of storm sewers.

Connecticut Brevities

The State of Connecticut is again in a position to wipe out its entire bonded indebtedness and begin making provisions for the post-war era. The general fund boasts an accumulated surplus of $16,469,468, of which $7,639,457 will be transferred to the debt retirement fund, $4,492,342 held as a reserve, and the balance of $4,337,667 will be held for financing post-war construction. Eleven million dollars of this surplus was invested in Government bonds during the recent Third War Loan Drive.

A notable accomplishment was recently recorded in Connecticut's industrial field. After twelve years, **Billings & Spencer** has succeeded in wiping out a deficit of $776,000. Operations for the period ending July 17, 1943, showed a surplus of $83,031. In the first six months of the year, net earnings were $200,146 against $227,959 for the corresponding period in 1942.

Originally established in 1869 by Charles E. Billings and Christopher M. Spencer, the company was long an important factor in the tool and drop forging industry. However, in the period of adjustment following World War I, the company found itself in difficulties and it was necessary for the City of Hartford to forgive a sizable accumulation of taxes in order for the concern to continue operating. The present company, incorporated in 1928, has shown earnings in each year since 1940, and may well be proud of having erased the long-standing deficit.

Recently released figures show that **Pratt & Whitney Aircraft** has shipped its 100,000th engine from the United Aircraft plant in East Hartford. A world's record was established during August when engines developing 5,000,000 horsepower were turned out. Based upon this August production, price reductions saved the Government in the neighborhood of $20,000,000 for that month alone.

Bullard Co. for the six months ended June 30, 1943, shows consolidated net profit of $1,161,908 compared to $210,729 for the similar period a year ago, or on a per share basis, $4.21 and 76c, respectively. Federal income taxes in the first half of 1943 were $274,000 and excess profits tax was $3,014,822, while a year ago the corresponding figures were $132,000 and $5,935,000.

E. P. Bullard in his report to the stockholders indicated that a lower volume of business was expected during the latter half of the year due to curtailment of machine tool production and the conversion of the plant's facilities for the manufacture of other products. During the summer months there were heavy cancellations of orders for machine tools. The company is now engaged in producing torpedoes and parts for turbines.

For the period ended Aug. 15, 1943, **Veeder-Root, Inc.,** reports net profit of $494,552 or $2.47 per share against $426,203 or $2.13 a share for the period ended Aug. 8, 1942. In the same periods, Federal taxes were $1,329,573, as compared to $178,400.

On Sept. 28, at the adjourned special meeting of stockholders of Eagle Lock Co., by vote of more than 75% of the outstanding stock, the plan of reorganization was approved. In accordance with the plan, holders of Eagle Lock will receive one share of Bowser, Inc., stock and one $25 par Bowser debenture.

Approximately two years ago, at the Government's urging, the **Hartford-Empire Company** organized an optical glass department turning out the glass for binoculars, gun-sights and other needs of the Army and Navy. This department was created when the usual sources of supply were seriously limited. Now that other concerns have completed the necessary expansion to meet wartime requirements, the Hartford-Empire Company has announced that it would seek no further Government contracts for this particular type of glass inasmuch as continuation of this line might prove to be at the expense of the companies regularly operating in this field and now equipped to handle present demands.

The **American Cyanamid Corporation** has plans for an outlay of some $546,500 for new building construction at Stamford, Conn.

In the utility field, United Illuminating Company's sales of electric power in September showed an increase of nearly 10% over September, 1942. Total sales of kilowatt hours for the first nine months of the year were 503,530,000 kilowatt hours, showing an increase of more than 11% over the 453,629,000 kilowatt hours for the corresponding period a year ago.

Hartford Electric Light showed a decline in September sales, reporting 37,256,000 kilowatt hours against 37,844,000 kilowatt hours a year ago. Total sales so far this year are about 3% ahead of 1942.

Treasury Extends Time For Foreign Listings

The Treasury Department in Washington announced on Oct. 19 a second and final extension of the time for filing reports on its Form TFR-500 of American property in foreign countries, to Dec. 1. The original date of Aug. 31 set for filing had been extended to Dec. 1.

Emphasizing that no further extension will be granted, the Department declared,

"The rapid progress of Allied troops in Europe makes it imperative that all reports should be filled immediately upon completion, regardless of the closing date.

"The census is designed to provide military authorities with full information concerning American-owned property in enemy and enemy-occupied territory, as well as to provide a complete report on all American investments abroad."

Gerard Hulsebosch To Be Hawkes Co. Partner

Gerard F. Hulsebosch will shortly be admitted to partnership in Hawkes & Co., 14 Wall Street, New York City, members of the New York Stock Exchange. He will act as alternate for Frank L. Hawkes on the floor of the exchange.

Mr. Hulsebosch was formerly manager of the trading department of Hunter & Co. and prior thereto was a principal of Dimpel, Hulsebosch & Co. In the past he was with Gruntal & Co., Edward A. Purcell & Co. and was a partner in F. L. Salomon & Co.

Stafford & Co. Formed

Following the dissolution of Stafford, Shields & Robinson on Oct. 31, the New York Stock Exchange firm of Stafford & Co., with offices at 39 Broadway, New York City, will be formed as of Nov. 1. Partners in Stafford & Co. will be William F. Stafford, Jr., member of the Stock Exchange, and Margaret V. Stafford.

Interesting Situations

In the current issue of their "News Review," Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City, list several situations in insurance stocks which the firm believes offer attractive possibilities at current levels. Copies of the "Review" may be had from the firm upon request.

Attack On New Jersey Securities Act

(Continued from page 1591)

then filed a petition in the Court of Chancery, claiming that the Court had no legal jurisdiction over him, and also seeking to enter a special appearance in order to set aside the foreign service of the Chancery order. The Chancellor of New Jersey, acting through Vice-Chancellor Stein, denied Mr. Edwards' petition who then appealed through his Newark counsel.

In Mr. Kanter's belief, the New Jersey Securities Act is assailed as being unconstitutional insofar as it attempts to compel a non-resident to appear in a purely personal suit, where the decree would have the effect of preventing the defendant from dealing in securities in or from New Jersey. In addition to pointing out that Mr. Edwards was not charged with the commission, or attempted commission, of any fraudulent act, the brief of Mr. Edwards' counsel challenges the power of the Court of Chancery to deny Mr. Edwards' right to appear specially in order to have service of process set aside. Independently of constitutional reasons, the Court of Chancery had no jurisdiction to compel a non-resident served in a foreign state to appear in such a suit, it is asserted by the brief. The most elaborate argument, however, is there made that, under the Federal constitution, the New Jersey Securities Act is invalid as against non-residents insofar as it seems to permit absence of "due process of law," the contention being that the New Jersey Securities Act is constitutionally inoperative. A special point is made that a prior decision of the Court of Chancery, on which the Attorney General replied, was incorrectly decided. In emphasizing the invalidity and unfairness of the statute, Mr. Edwards' counsel claims that the correctness of the Chancery decision can be sustained only "if ethically we could abolish the Golden Rule and if practically, we would be willing to accord to the courts of other States the right to visit upon our citizens what we so improperly would thus be arrogating to ourselves against the residents of other States."

This case is the first that has come up on the question involved, under the New Jersey Securities Act, before the New Jersey Court of Errors and Appeals. No brief has yet been submitted for the New Jersey Attorney General, but is expected to be filed shortly. In ordinary course, the Court's decision may be anticipated within a few months.

Offers Possibilities

Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, members of the New York Stock Exchange and other leading national exchanges, have prepared an interesting memorandum discussing the attractions of Consolidated Natural Gas Co. common w. i. Copies of this memorandum outlining the possibilities of the situation may be had upon request from Paine, Webber, Jackson & Curtis.

S. W. Public Service Situation of Interest

Common stock of the Southwestern Public Service Company offers an attractive situation according to a memorandum being distributed by Buckley Brothers, 1529 Walnut Street, Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of this interesting memorandum may be had from Buckley Brothers on request.

President Opposes High Post-War Rubber Tariff

President Roosevelt expressed the hope on Oct. 15 that any effort in the post-war world to impose a high tariff on natural rubber would be opposed in order to assure cheap and plentiful tires for American cars.

At his press conference, the President repeated some of his remarks made on Oct. 14 in a speech at a dinner in the White House for President Elie Lescot of Haiti, who was a guest.

In Associated Press Washington advices of Oct. 15, it was also stated:

Mr. Roosevelt said at the dinner that he hoped that "When I am out of the White House the Congress won't put the kind of tariff on rubber for American automobile tires just to keep some synthetic plants going." The President said that would mean that every man in the United States who owned a car would have to pay 50% more for his rubber.

Mr. Roosevelt did not say at what time he hoped to be out of the White House, but he hoped somebody would veto any effort to put a high tariff on rubber.

The discussion of rubber entered the dinner for the visiting President because Haiti is growing relatively large amounts of a plant called cryptostegia, from which rubber is produced. This year, Mr. Roosevelt said, Haiti's output of rubber will be 10,000 tons and he called that a great contribution to the United Nations' war effort.

Pittsburgh Rys. Look Good

The current situation in Pittsburgh Railways System, particularly certain of the underlying bonds, offers attractive possibilities for appreciation, according to a study prepared by T. J. Feibleman & Company, 41 Broad St., New York City. Copies of this interesting study, which is available to dealers only, may be had upon request from T. J. Feibleman & Co.

Also available are memoranda on Nu-Enamel; Oklahoma-Texas Trust; Pittsburgh, Canonsburg & Washington 5s of 1937; Washington & Canonsburg First 5s of 1932; Second Avenue Traction 5s of 1937; Southern Traction 5s of 1950; and West End Traction 5s of 1938.

Chicago Tractions Under Municipal Ownership

Leason & Co., Inc., 39 South La Salle St., Chicago, Ill., has prepared an interesting study showing the practicability of public ownership of the Chicago Surface and Elevated Lines. Outlined in the study is a proposed purchase offer, earnings available for fixed charges under city ownership, proposed treatment of present securities holders, and estimated values for the various securities issues of both systems. Copies of this study may be had upon request from Leason & Co., Inc.

Consolidated Natural Gas Situation Interesting

The Securities and Exchange Commission has approved the distribution of Consolidated Natural Gas Co. to the stockholders of Standard Oil Co. of New Jersey. The Public Utility Department of Hettleman & Co., 52 Wall Street, New York City, members of the New York Stock and Curb Exchanges, has prepared an interesting analysis describing in detail the properties, financial position, earnings, and prospects of Consolidated. Copies of this analysis may be had from Hettleman & Co. upon written request.

DIVIDEND NOTICES

ELECTRIC BOAT ★ COMPANY ★

33 Pine Street New York, N. Y.

The Board of Directors has this day declared a dividend of fifty cents per share and a special dividend of twenty-five cents per share on the Capital Stock of the Company, payable December 3, 1943 to stockholders of record at the close of business November 18, 1943.

Checks will be mailed by Bankers Trust Co., 16 Wall St., New York 15, N. Y., Transfer Agent.

H. G. SMITH, Treasurer.

October 8, 1943.

NATIONAL DISTILLERS PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on November 1, 1943 to stockholders of record on October 15, 1943. The transfer books will not close.

THOS. A. CLARK, TREASURER

September 23, 1943

Municipal News And Notes

(Continued from page 1596)

The Mayor did say that the financing program under his plan would cover the expenditure of $110,000,000 over a 10-year period for improvements to the existing facilities. This modernization program would include the $102,000,000 that was to have been spent under the plan to merge the street car and elevated lines properties under private ownership, as well as complete replacement of the Chicago Motor Coach Co.'s properties.

The Mayor made it clear that the purchase of the various local transportation units was subject to the approval by voters of the city at a referendum. Any tentative purchase price to be agreed upon, as the result of negotiations between the city and the various companies would also be subject to the approval of the Federal District Court in the cases of the Chicago Surface Lines and the Chicago Rapid Transit Co., which are undergoing reorganization.

North Dakota Bonds In Secondary Offering

Stranahan, Harris & Co., Inc., Toledo, and Allison-Williams Co. of Minneapolis, in joint account, made a secondary offering last week of $1,237,000 State of North Dakota 2¼% real estate bonds, maturing 1953-59. The bonds are general obligations of the State and were offered at prices to yield from 1.20% to 1.50%.

Chicago Sanitary District Plans Refunding Offering

The Chicago Sanitary District, Illinois, is expected to ask for bids early in November on an offering of approximately $2,000,000 refunding bonds. The district has a total of $10,049,500 bonds becoming optional on Jan. 1, 1944, and proposes to exercise the option on $7,000,000 of the total from cash presently available and the proceeds of the forthcoming refunding loan. All of the district's outstanding funded debt of slightly less than $100,000,000 actually matures in 1955 and later, and the present aggregate compares with the figure of $140,000,000 which obtained in 1935, when a large refunding operation was negotiated. As a result of its improved financial condition, refunding issues by the district have become progressively smaller and debt reduction accordingly accelerated. In addition, the interest rates on the refunding that has been accomplished have been greatly lowered from the charges originally required on the indebtedness.

Calendar Of New Security Flotations

OFFERINGS

ATLANTA GAS LIGHT CO.

Atlanta Gas Light Co., a subsidiary of Consolidated Electric & Gas Co., filed a registration statement with the SEC, for $7,500,000 of first mortgage bonds, series due 1963, and 20,000 shares of 5% cumulative preferred stock, par value $100 a share, on which sealed bids will be asked.

Address—243 Peachtree St., Atlanta, Ga.

Business—Company is an operating utility company engaged primarily in the business of purchasing, distributing and selling natural gas in 20 municipalities in Georgia, and manufacturing, distributing and selling artificial gas in five municipalities in Georgia and two in South Carolina. Incidental to the promotion of its business, the company also engages in the merchandising of gas appliances. It has been engaged in the sale of gas continuously since 1856, except when its plant was damaged during the Civil War.

Proceeds—Net proceeds, exclusive of accrued interest and dividends, will be applied to the extent that funds are available to the redemption of $5,875,000 principal amount of general mortgage bonds, series due 1955, 4½%, at 104, and $2,150,000 principal amount of general mortgage bonds, 3½%, series due 1961, at 104½, and to the redemption of 13,000 shares of 6% cumulative preferred stock at $110 a share.

Underwriting—To be filed by amendment.

Registration Statement No. 2-5211. Form S-1. (8-31-43).

Registration statement effective 5:30 p.m. EWT on Oct. 4, 1943.

Approval by SEC.—The Securities and Exchange Commission Oct. 4 gave its approval to the proposed solicitation by the company of competitive bids for $7,500,000 of first mortgage bonds and 20,000 shares of $100 par value preferred stock. The bonds will bear a coupon rate of not more than 3½% and the stock a dividend rate of not more than 5% of par.

Awarded—Both issues awarded to Shields & Co., Oct. 13, 1943: the bonds as 3s at 100.159 and the stock at $4½ div. rate, at 100.379. Subject to the approval of the SEC, the bonds will be reoffered at 101.45 and the preferred stock at 102¼.

Offered—Securities offered Oct. 15, the bonds at 101.45 and int. and the stock at 102.25 per share and div. by Shields & Co. and associates.

CALIFORNIA ELECTRIC POWER CO.

California Electric Power Co. has registered $16,000,000 first mortgage bonds, 3¾% Series due 1968, and 40,000 shares 5¼% convertible prior preferred stock, par value $100 per share.

Address—3771 Eighth Street, Riverside, Cal.

Business—Engaged in the generation, transmission, distribution and sale of electric energy.

Underwriting—Principal underwriter for the bonds is Dillon, Read & Co., New York, and for the preferred stock Stone & Webster and Blodget, Inc., and Bosworth, Chanute, Loughridge & Co., Denver. Other underwriters will be named by amendment.

Offering—Price of both bonds and prior preferred stock will be supplied by amendment.

Proceeds—Proceeds, together with funds received by the company from the sale of certain of its electric properties, will be used to redeem all of the first trust mortgage gold bonds, 5% series of 1956 to be outstanding after giving effect to the surrender of certain bonds in the face amount of $641,300. Balance of proceeds will be used to pay the balance then due on the 3% installment note held by Bank of America National Trust & Savings Association. Upon the payment of such note, $641,000 face amount of the company's first mortgage trust gold bonds pledged by the company as security for such note will be surrended for cancellation.

Registration Statement No. 2-5172. Form S-1. (6-29-43).

In an amendment to its registration statement filed Sept. 28, California Electric Power Co. amended the coupon rate on its proposed issue of $16,000,000 first mortgage bonds to 3½% in place of 3¾% rate named in original statement which was filed last July. Offering prices of both bonds and preferred stock will be supplied by amendment.

California Electric Power Co. filed an amendment to its registration statement on Oct. 18 giving the offering price on its proposed issue of 3½% first mortgage bonds at 103½% and on its 5¼% $100 par convertible prior preferred stock at $102.50, prices being plus accrued interest on the bonds and dividends on the preferred stock.

The underwriters of the bonds are: Dillon, Read & Co., $3,475,000; A. C. Allyn & Co., Inc., $325,000; Bankamerica Company, $150,000; Blyth & Co., Inc., $1,700,000; Boettcher & Co., $550,000; Bosworth, Chanute, Loughridge & Co., $800,000; First Trust Co. of Lincoln, Neb., $75,000; Garrett-Bromfield & Co., $400,000; Hayden, Miller & Co. $100,000; Hornblower & Weeks, $200,000; W. E. Hutton & Co., $200,000; Edward D. Jones & Co., $75,000; Kaiser & Co., $150,000; Kidder, Peabody & Co., $400,000; W. C. Langley & Co., $400,000; Laurence M. Marks & Co., $200,000; Merrill Lynch, Pierce, Fenner & Beane, $200,000; Milwaukee Company, $225,000; Mitchum, Tully & Co., $100,000; F. S. Moseley & Co., $200,000; Newhard, Cook & Co., $75,000; Newton, Abbe & Co., $75,000; Pacific Co. of California, $100,000; Paine, Webber, Jackson & Curtis, $200,000; Peters, Writer & Christensen, Inc., $350,000; R. W. Presspich & Co., $250,000; Rauscher, Pierce & Co., Inc., $100,000; Riter & Co., $250,000; E. H. Rollins & Sons, Inc., $325,000; L. F. Rothschild & Co., $200,000; Schwabacher & Co., $100,000; Shields & Co., $325,000; Shuman, Agnew & Co., $100,000; Smith, Moore & Co., $75,000; William R. Staats Co., $100,000; Stix & Co., $75,000; Stone & Webster and Blodgett, Inc., $1,550,000; Sullivan & Co., $100,000; Tucker, Anthony & Co., $200,000; Union Securities Corp., $325,000; G. H. Walker & Co., $225,000; Weeden & Co., $100,000; White, Weld & Co., $200,000; Wisconsin Company, $200,000; Dean Witter & Co., $400,000, and Harold E. Wood & Co., $75,000.

The underwriters of the preferred stock are: Stone & Webster and Blodgett, Inc., 9,000 shares; Bosworth, Chanute, Loughridge & Co., 9,000; Blyth & Co., Inc., 5,000; Boettcher & Co., 2,000; Garrett-Bromfield & Co., 3,000; Peters, Writer & Christensen, Inc., 2,000; Sullivan & Co., 1,000, and Dillon, Read & Co., 9,000.

Offering — The $16,000,000 3½% 1st mtge. bonds were offered Oct. 19 at 103½ and int. by Dillon, Read & Co. and associates.

The 40,000 shares of 5¼% convertible prior preferred stock were offered Oct. 19 at 102.50 per share by a syndicate headed by Stone & Webster and Blodget, Inc., Bosworth, Chanute, Loughridge & Co., and associates.

GLOBE-WERNICKE CO.

Globe-Wernicke Co. has filed a registration statement for $650,000 4½% first mortgage bonds to be dated Oct. 1, 1943 and due Oct. 1, 1953.

Address—5025 Carthage Avenue, Norwood, Ohio.

Business—Manufacturer of office furniture, filing equipment, stationers goods and filing supplies.

Underwriting—W. E. Hutton & Co., of Cincinnati is named underwriter.

Offering—Price to the public will be supplied by amendment.

Proceeds—Proceeds from issue and sale of the bonds will be used, together with other funds of the company, to retire in full the presently outstanding $651,100 principal amount of 6% first mortgage sinking fund bonds due Oct. 1, 1944 on Jan. 1, 1944.

Registration Statement No. 2-5218. Form S-2. (9-24-43).

Registration statement effective 5:30 p.m. EWT on Oct. 16, 1943, as of 5:30 p.m. EWT on Oct. 13, 1943.

Offered Oct. 19, 1943 at 101 and int. by W. E. Hutton & Co.

(This list is incomplete this week)

UAW Reaffirms No-Strike Pledge

The United Automobile Workers, an affiliate of the CIO, on October 10 reaffirmed their no-strike pledge without qualification, demanded the scrapping of the "Little Steel" formula and President Roosevelt's "hold-the-line" order and urged a rollback of prices to September, 1942, levels.

In other resolutions adopted at the concluding session of their convention in Buffalo, N. Y., the delegates also asked modification of the rules of the War Labor Board to permit direct negotiations between the union and management on wage problems and other disputed issues with full authority to reach a final settlement.

The no-strike resolution, adopted by an approximate 4 to 1 majority, calls upon the Federal Government to operate plants where "management is not bargaining in good faith and is taking advantage of the war situation and labor's no-strike pledge to destroy collective bargaining."

Sending Photos Of Home To War Prisoners

Tracy Strong, General Secretary of the World's Committee of the Young Men's Christian Association, addressed at Brooklyn, N. Y., on Oct. 17, 500 relatives of Brooklyn and Queens men interned in German and Japanese war-prison camps and said that the best possible presents to send to a prisoner are photographs of home, which remind him that there is a place where he still belongs.

Dr. Strong advised relatives to write regularly but not too often and to be cheerful and keep up his spirit by emphasizing his home interests.

N Y Bank Stocks Compared

An interesting tabulation of comparative figures for leading New York banks and trust companies as of Sept. 30, 1943, has been prepared by the New York Hanseatic Corporation, 120 Broadway, New York City. Copies of this interesting table may be had upon request from the New York Hanseatic Corporation.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1592)

held between, say England and America, I would trust the action of the market implicitly as reflecting future developments. But where the Reds are concerned, I feel the market has no more inkling of what the outcome will be than I have.

* * *

Still the fact is that since last week the market has managed to pull itself away from the edge of the cliff and is slowly beginning to climb up again.

* * *

Leaving political considerations aside for the moment, such action must be interpreted as bullish. Unfortunately politics cannot be forgotten completely even though the market seems to be saying, "It's all right boys, you can come in again." So balancing technical performance against unknown political decisions I feel the market will have a rally from here to maybe the old highs. But I don't think the makings of a genuine bull trend is in the cards. Yet, if the market does go up, and volume does increase, enough bullish sentiment will be released to give the needed impression that still higher prices are ahead. It is at such point the greatest danger exists. For let news, or even a leakage of news, get around that the carefully laid plans have gone awry then the whole structure can topple easily.

* * *

Looking at the market, as a market only, you can expect that from here on the going will be either slower, or volume itself must increase. If the former, then watch out for market accidents, particularly in the rails, which have a larger public following than is generally believed. If the latter, then look for sharp increases in volume in the steels and airplane stocks. Both of these have such small speculative followings, that it wouldn't take much stock to get them to start up again.

* * *

Among the steels, the major one, U. S. Steel, is still the leader. Bethlehem and the independent steels will probably play a close second. Bethlehem may even take the lead, but it will be Big Steel that will generate a public following. Among the plane stocks, Douglas will undoubtedly stand out.

* * *

I don't put much belief in the wonderful stories about the plane transportation future. They sound too full of romance to make sober reading.

* * *

In the next few days, say by Monday, the market will have shown enough to tell if the rally, even though a minor one, is underway, or if the whole thing is just another dashed hope. For immediate clues watch the steels.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Govt. Agencies Suspend Buying Of Butter

Purchases of butter by Government agencies, including the armed forces, are being suspended until next March to permit the entire production to move into civilian consumption channels, the War Food Administration announced on Oct. 9.

This action, the WFA said, should help relieve shortages which have developed in some areas, particularly those far distant from major producing areas, by making from 10 to 30% more butter available for civilians than the average consumed by them during the past seven months.

The Associated Press accounts stated "Food officials say the Government has already bought and stored sufficient butter to meet essential military, lend-lease and other non-civilian requirements until next March. Stocks now held by the Government total about 200,000,000 pounds, accumulated during the past seven months under an order requiring manufacturers to set aside specified percentages of their output for the Government. That order was suspended this month."

Phillips Petroleum Seen Offering Possibilites

Common stock of the Phillips Petroleum Company offers attractive possibilities, according to an interesting circular being distributed by Laurence M. Marks & Co., 49 Wall St., New York City, members of the New York Stock and Curb Exchanges. Copies of this circular may be had from the firm upon request.

Republican Group Opposes Further Tax Rise—Treasury Program And Sales Levy Believed Out

Republican members of the House Ways and Means Committee joined on Oct. 19 in a statement declaring against plans for a further increase in Federal taxation and urged instead a program of Government economy. In view of the opposition of some Democrats to the Administration's program to raise $10,500,000,000 through higher individual and corporation income taxes and larger excise levies, it is believed likely that the entire Treasury plan will be discarded.

In their statement of Oct. 19, the Republican members of the Ways and Means Committee said in part, according to the Associated Press:

"As an alternative to further increases in taxes, the President should forthwith proceed to set governmental finance in order by effecting needed economies in expenditures, which would obviate the necessity for an equivalent amount of borrowing, and therefore, of taxes.

"Let him without delay sever from the Government payroll the 300,000 employees whom Senator Byrd, Democrat, of Virginia, Chairman of the Joint Committee on Nonessential Federal Expenditures, has said can be removed without in any way impairing the war effort.

"We likewise recommend that the President study the possibility of eliminating waste and extravagance in military expenditures."

The House Committee has concluded its public hearings on new tax legislation and is now preparing to work out some new revenue plan in executive session. The general belief is that a bill yielding no more than $4,000,000,000 in additional revenue will be written.

It was stated on Oct. 19 that both the sales tax and the Administration's request for markedly higher income levies headed toward a legislative sidetrack as the House Ways and Means Committee wound up on Oct. 19 public hearings and prepared to work out some new revenue plan in closed session. Reporting this, the Associated Press said the situation shaped up about like this:

1. A vigorous but brief drive for a national retail sales tax bogged down so badly that even its proponents were pessimistic.

2. Lawmakers ignored the administration's program to raise $10,500,000,000 through higher individual and corporation income taxes and larger excise levies.

3. Many Committee members believe no more than four to five billions additional can be channeled into the Treasury.

4. Congressional emphasis turned further toward Government economy to avoid raising taxes.

The Republican Committtee members' statement, issued by Representative Knutson of Minnesota on behalf of the minority members, said that "a further increase in taxation at this time would threaten the future solvency of American business and bring about the liquidation of the middle class, which has always been the backbone of our country."

The statement continued:

"The Treasury has failed to justify its proposal to add an additional $10,500,000,000 to our tax load. On the other hand, witness after witness has shown conclusively that an increase in taxes at this time would probably undermine our whole economy.

"We do not wish to assume the responsibility for doing anything that will weaken the nation's war effort or make harder the tremendous task of reconversion of industry when the war is over.

"From the inflation standpoint, we believe that the further tax increase would be inflationary in itself, since it would inevitably lead to a demand for higher wages to meet the increased tax burden. Thus the vicious spiral would continue."

The statement added these conclusions:

"1. The Federal tax burden is already at the unprecedented level of $40,000,000,000, not counting the $10,000,000,000 levied by the States and local governments, which brings the total tax load of the American people to $50,000,000,000, or one-third the national income. This is without doubt the highest per capita tax burden in the world and the burden is equally borne by all who toil, whether in shop, factory, farm, store or office.

"2. Without any changes in existing law, there will be two major tax increases next year: (a) Most taxpayers will have to pay, in addition to the regular 1944 income tax, 12½% of their 1942 assessment. A similar additional payment must be made in 1945. (b) Beginning Jan. 1, the present 1% payroll tax under the Social Security Act will be doubled. These two items will result in substantially increased tax payments in 1944.

"3. Millions of persons have received no benefit from the war boom, and many of these have suffered an actual decrease in income, in the face of mounting living costs and already burdensome taxes. These groups in particular would be oppressed by any general increase in the income tax.

"4. Corporations are already paying a tax of 40% on so-called normal earnings and 90% on excess profits. In addition, corporate stockholders must pay up to 90% on any dividends which may be paid out of what is left after corporate taxes. If American business is to be able to furnish employment to the millions of men and women who will be jobless when the war ends, it must be left some margin for reconversion and expansion purposes. Encouragement must be given to risk or venture capital if new and potentially large industries are to be developed.

"5. As Chairman Doughton has so well pointed out, you can shear a sheep indefinitely, but you can skin it but once. We believe that a further increase in taxation at this time would threaten the future solvency of American business and bring about the liquidation of the middle class, which has always been the backbone of our country."

Our Reporter On "Governments"

(Continued from page 1594)

larger cities. . . . A lowering of reserve requirements is on the calendar, says this house. . . . Admitting, however, that a direct move may be sidestepped in favor of an indirect move through the bill market. . . . Whatever the exact method chosen, the dealer is certain action will be taken to give banks a more comfortable reserve position in the near future. . . .

Consider some of these figures and you'll get the larger pattern. . . .

Excess reserves through the country at the latest reporting date were $1,610,000,000. . . . In the larger cities, situation was bad. . . . New York City actually had a deficiency of $10,000,000 two weeks ago, at latest date had only $45,000,000 surplus, just to indicate how serious the maldistribution was. . . .

War loan accounts are figured at around $19,500,000,000 . . . Against this amount, of course, the banks need keep no reserves. . . .

Over the coming weeks, this money is going out and funds are coming into banks against which they must keep reserves. . . . Requirements, therefore, are bound to increase. . . .

Money in circulation increase between now and the end of the year also will be great. . . . Maybe another $1,000,000,000, to add to "tightness". . . .

Now survey the situation. . . Obviously, the $1,610,000,000 of excess funds is not going to be sufficient. . . . Banks must get extra funds from somewhere. . . .

Thus, says the dealer, reserve requirements will be lowered. . . . Or banks may kick back bills held to the Federal Reserve Banks and ease their own situation in that way. . . .

It's six of one or half-dozen of another. . . . What does seem important is the widespread belief that the banks will not be permitted to remain in a tight situation and easing of the position to permit re-entry into the market is likely. . . .

TAX ANGLE

If you think corporations have a chance of getting away under this year's tax bill without some increase in their total tax, you are thinking down dream street No. 1. . . . Not a chance. . . . Individuals will get higher income taxes. . . . Excesses will be raised sharply right down the line. . . . And corporations may anticipate a minimum of 5 and a maximum of 10% boost of their combined tax load. . . .

Meaning, say the experts, that banks will be pushed into shifting out of their shorts and into longer bonds in order to increase their yield from Government bonds and offset the greater tax burden. . . .

Meaning, say the market students, that banks will be in for bonds in the open market despite any and all intermediate movements. . . . These are of no consequence. . . . The prime factors necessitating higher income through bond holdings are of greatest significance. . . .

To quote The First Boston Corporation on the subject. . . . "The effect of a further increase in the surtax at this time is exceedingly sharp. . . . Based on the breakdown of banks' income and expenses for the calendar year 1942, a 5% increase in the corporate surtax is estimated to be the equivalent of a 20 to 30% increase in the tax burden. . . . Since the interest received from securities is the approximate equivalent of the net earnings of the banking system, such an increase in the tax liability would necessitate a 10 to 20% enlargement of interest income if the higher tax liability is to be offset. Obvously, the effect of a 10% increase in the surtax is correspondingly greater". . . .

In other words, banks must have higher interest income. . . . They can't look forward to many more bank offerings of new securities . . . . They must, then. enter the open market and pick up what securities are available. . . .

Incidentally, there's informed talk around of the desire of the Treasury to do away entirely with bank offerings of bonds during the coming months. . . . To avoid, if possible, any offerings outside of the usual market deals until way into 1944. . . . One thing is certain. . . . Banks won't be in on public drives from now on. . . . The September financing proved the long-term character of that experiment. . . . And the Treasury is trying to figure out a system to keep banks out of the market completely when the fourth and fifth War Loans are put on. . . .

Harry A. Taylor With Crummer In Chicago

CHICAGO, ILL. — Harry A. Taylor has become associated with The Crummer Company and will be in charge of the Trading Department in the Chicago office, First National Bank Building.

Mr. Taylor is well known among the municipal dealers throughout the country and was associated with R. E. Crummer & Co. from 1933 to early in 1942, at which time he resigned his position to accept an assignment with the War Production Board in Washington, where he served as Assistant Chief of Industrial Salvage.

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Final Edition ESTABLISHED OVER 100 YEARS In 2 Sections—Section 2

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 158 Number 4222 New York, N. Y., Thursday, October 21, 1943 Price 60 Cents a Copy

The Financial Situation

It would be an excellent thing if some way could be found to bring this endless discussion of our part in the post-war world down to earth. No part of it is in greater need of such treatment than that which concerns itself with economic and financial matters. We hope it is true, as we have heard it said of late, that there is little likelihood at present at least that the Treasury will obtain more at most than a respectful hearing in Congress for its plans for an international stabilization fund and a sort of world RFC through which to work miracles in the post-war world. It would be unwise, however, to take it for granted, and in any event the mere shelving of these particular programs would not end the danger of egregious blunders in the field of international economics and finance. The Administration has often demonstrated that it is tenacious of purpose and has many strings on its bow. There are, moreover, a number of influential figures outside of Administration circles, and not infrequently outside of the strictly political sphere, who have formed the habit of talking loosely, and therefore dangerously on these subjects.

Faulty Logic

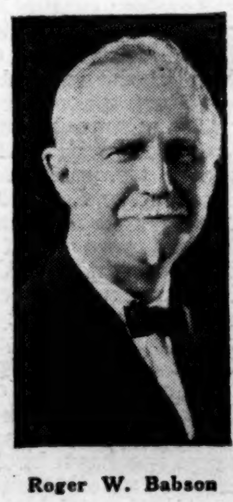
The trouble, or one of them, seems to be that few of these planners have paused long enough to think carefully, thoroughly and realistically about the subjects under discussion. What makes all this the more hazardous is the fact that so many of these current program builders begin with certain more or less unassailable assumptions impressively outlined—and then when the unthinking are rather well disarmed they (quite unwittingly in most instances, we are sure) proceed to conclusions which do not at all flow from their premises. The typical pronouncement starts with a solemn outline of the economic paralysis likely to be found in many, if not most parts of Europe upon the cessation of hostilities, and the extent and degree of human want which must accompany this incapacity to satisfy it.

(Continued on page 1618)

War Surpluses And Civilian Goods

Roger W. Babson Says Excess Army And Navy Supplies May Present A Problem

At the end of World War I the Government held a bag containing $5,000,000,000 worth of goods of every kind and description. We all remember the so-called "Army and Navy Stores" which for more than 20 years disposed of a portion of these goods. Undoubtedly they were a nuisance to old-line established retail stores. These Army and Navy Stores seemed seemed to have a never-ending inventory.



Roger W. Babson

Unfair Competition

The great bulk of the $5,000,000,000 surplus was bought up by mail-order houses and speculators at private sales or at auctions. Through catalogues and low-rent stores these goods were then resold to the general public at considerably less than retail prices for similar goods. It took from one war to another to clean out Army and Navy inventories of these materials. Few, if any, of them were adapted to the needs of World War II. Probably little of the surplus which remains at the end of this war will be retained by the Army and Navy.

Hence, the Government will be faced with another great problem of disposal. World War I excess supplies brought about 35 cents on the dollar cost. I should judge that the Government will take another loss, and this time a greater loss because of the larger quantity involved. Such losses, however, are all a legitimate charge against the cost of running a war. Washington should not be criticized for disposing of these goods at cut rates. **However, steps should be taken to protect existing retailers from unfair competition.**

Effect Upon Retailers

It is estimated that when World War II ends the surplus goods and materials owned by the Army and Navy will have a value of at least five times that of the "odds and ends" which existed at the close of World War I. This means some $25,000,000,000 worth of items. Consumers, wholesalers, jobbers,

(Continued on page 1617)

Thriving Trust Business Required But Must Be Profitable: H. A. Theis

"Our social economy requires a thriving trust business, and trust business as a whole can be profitable only if each trust department in the country is profitable," Henry A. Theis, President of the Trust Division of the American Bankers Association and Vice-President of the Guaranty Trust Co. of New York, declared on Oct. 15. In discussing "Fees and Costs" before the ABA Mid-Continent Trust Conference in Chicago, Mr. Theis said that "trust service should be available to all people—of small or large means — who need it," adding that "only a thriving trust business can furnish the quality of service which the character of the business demands. Trust business can thrive only if it is profitable. In no other way can it fulfill its true function."

Henry A Theis

Mr. Theis reviewed optimistically the progress that has been made among trust institutions throughout the country toward ascertaining the costs of doing trust business, compiling equitable fee schedules, and appraising the value of trust services not reducible to fee schedules; he also outlined the beneficial results of cost surveys conducted under State bankers' association auspices in various sections of the country.

"We shall probably never know the beneficial results to date to trust institutions throughout the country, and the social economy in general, flowing from this work," he said. "The improvement in the earnings of individual institutions, inevitably followed by a higher quality of service rendered, will probably never see the light of day, but lie buried in the records of the trust institutions. There have been some tangible results from these studies which are known and which indicate that the work has not been in vain."

Mr. Theis added:

"In New York a State-wide cost survey was made by the New York State Bankers Association, which revealed that the personal trust business, other than executorships, was run at a loss. This revelation aroused the interest of the New York State Banking Department, and it instituted an independent cost study of its own, the findings of which quite closely confirmed the results shown by the study of the New York State Bankers Association. The outcome of the Banking Department's report was an increase in the New York personal trust fee schedules by legislation. So far as I know, this is the first instance of a State supervisory authority concerning itself with the trust department earnings on the ground that it affected the safe conduct of banking.

"It is rather surprising that more State supervisory authorities have not interested themselves in trust department operations in measuring the general condition of the trust institution, the character and ability of the management, the make-up of its assets and deposit liabilities, the volume of trust business handled, and the earning power of the trust department.

"The Federal Reserve Board, in granting a new license to banks engaging in trust business, does take into consideration trust department activities and earnings. In the examination of trust institutions already doing a trust business it requires the examiner to 'comment on earnings and expenses in connection with fiduciary activities, and, if they are unprofitable, state apparent cause and the reasons given by the institution for continuing such activities.'

"After all, we should not impose upon Government bureaus, Federal or State, the responsibility of compelling trust institutions to run their trust business on a sound and profitable basis. That is the function of management. There are still many trust departments throughout the country not showing a profit, and this is a challenge to the management. If a solution is not found from within one will be prescribed for us from without, and then we will complain about bureaucratic interference."

After outlining some of the questions to which consideration should be given in making an unprofitable trust department profitable, Mr. Theis told his listeners, most of whom were trust department executives:

"When you have given consideration to all the elements that constitute the economical and efficient administration of trust services, whether or not your department as a whole shows reasonable profits, you will want to know which accounts on your books show either a reasonable profit, an insufficient profit, or a loss. You will want to readjust, wherever possible, the compensation on those accounts producing inadequate profit, and on those producing a loss.

"With accurate, reliable figures prepared by the application of a sound cost analysis, and with good customer relations, this should not be difficult. The American public does not expect good services for inadequate pay. It is generally fair, reasonable and understanding. Many tests in various parts of the country have borne this out. Fairmindedness on both sides can only result in a good customer relationship."

GENERAL CONTENTS

From Washington Ahead Of The News

By CARLISLE BARGERON

Some months ago we were given rather definitely to understand that Wendell Willkie realized he made a mistake in kicking the Republican leaders around in 1940 and was busily engaged in cultivating them. He was traveling around a lot, and his traveling was represented to us as being for the purpose of talking to as many of these fellows, down to the merest ward leader, as much as possible.

Apparently he did not get very far because he seems now clearly to have thrown over this cultivating business and gone out again on the tack, which is more natural, of making them as mad as he can. If our reports on his recent California talks are correct, this is what he did out there; certainly it is what he did on his visit to St. Louis, and there is still no love for him on the part of the Republicans in Congress. We take it that had the placating pursuit borne fruit he would have stuck to it, although he admittedly would not be himself, and it is very hard for him not to be this.

His speech in St. Louis indicates very clearly that he is against the Republican party, particularly Dewey; that about his only opposition to the New Deal is that its perpetuation in office is a very dangerous thing, that assuming it is good all the way through, such a perpetuation would still be dangerous. This being the case, and it also being the case that the Republican party is the only instrument by which we can be rid of the New Deal, he would like to use it as an instrument to that end. There are millions of Democrats in this country with that same attitude,

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The State Of Trade

Most of the heavy industries reported declines this week, with steel production showing a rather substantial drop. Electric power production was off considerably from last week's high levels, and carloadings showed a substantial decline from last week's figures. However, the retail trade continues a bright spot, though inventories show a heavy drop from last year.

Production of electricity declined to 4,341,754,000 kilowatt-hours in the week ended Oct. 9, and compares with 4,359,003,000 kwh. in the preceding week, according to the Edison Electric Institute. This was 17.3% above the year-ago total of 3,702,299,000. Consolidated Edison Co. of New York reports system output of 219,700,000 kwh. in the week ended Oct. 10, against 155,800,000 in the 1942 week, a rise of 41%.

Carloadings of revenue freight for the week ended Oct. 9 totaled 906,276 cars, according to the Association of American Railroads. This was a decrease of 4,367 cars below the preceding week this year, 2,974 cars fewer than the corresponding week in 1942 and 2,399 cars above the same period two years ago. This total was 115.21% of average loadings for the corresponding week of the 10 preceding years.

Steel production is scheduled at 100.7% of rated capacity this week, against 102.2% last week, when the record high was established, according to the American Iron & Steel Institute. The reduced production reflects loss of open hearths in Alabama due to the coal strikes, and to repairs to furnaces in the Pittsburgh and Chicago areas. The 100.7% rate indicates output for the week at 1,755,200 net tons of ingots and castings, compared with 1,781,300 in the preceding week and 1,727,-800 for the like 1942 week.

"Increasing apprehension is being felt as to winter supply of scrap, returns from the autumn drive not yet reaching proportions expected," the magazine "Steel" says. "Dealers are not in position to handle a large accumulation with present depleted working forces. Another factor in the situation is the decreased tonnage brought from the head of the lakes the past summer. While melters have sufficient for current needs, reserves are not being accumulated, though all offerings are being accepted."

As to the retail trade, sales volume last week was well above the preceding week, Dun & Bradstreet, Inc., stated, attributing much of the gain to Columbus Day buying, which was heavier than last year despite the overall shortage of supplies.

Sales throughout the country gained an estimated 8 to 11% above the similar 1942 week, the report stated. Regional percentage increases reported were: New England, 2 to 6; East, 4 to 8; Middle West, 7 to 9; Northwest, 8 to 10; South, 14 to 17; Southwest, 15 to 19, and Pacific Coast, 10 to 14.

Department store sales on a country-wide basis were up 9% for the week ended Oct. 9, compared with the like week a year ago, according to the Federal Reserve Board. Department store sales in New York City in the week ended Oct. 16, were 11% larger than in the corresponding week of last year, according to a preliminary estimate issued by the Federal Reserve Bank of New York. In the previous week ended Oct. 9, sales of this group of stores increased 9% over the like 1942 week. Department store sales in New York City in September were 6% larger than in the like month last year, according to the monthly survey of store sales and stocks by the Federal Reserve Bank of New York.

Inventories of New York City department stores on Sept. 30, were 23% smaller than a year earlier, while for the district as a whole, stocks at the end of the month were down 20% from a year earlier.

Industrial output next year must be 11% higher to meet increased schedules for ships, planes and related equipment, even if civilian production is not boosted, according to Brig. Gen. Leonard P. Ayres, Vice-President of the Cleveland Trust Co. Manpower is the big problem, he said.

"We shall require 3,000,000 more men for the armed forces and will need 3,000,000 more men and women for the war industries," he stated. "The armed services tell us that the production of war materials in 1944 must be 21% greater than that of 1943 and that the output of ground equipment should be about equal to that of 1943.

"Our industrial production last August was about 11% greater than it was in August, 1942, when we had about a million and a half fewer workers in our manufacturing industries. The question is whether we can raise our output another 11% by next August and then continue that rate of increase through the end of the year.

"If we can find solutions for our manpower problems we shall at once be confronted by the question of how to move about 11% more freight on our railroads. Certainly the railroads could not now carry 11% more freight than they are carrying this month."

Gen. Ayres estimated corporations' profits this year at about $23,000,000,000, of which they will retain about 7,700,000,000 and pay taxes of some 15,300,000,000.

Social Security Tax Increase Advocated

Arthur J. Altmeyer, Chairman of the Social Security Board, urged on October 14 that Congress permit the scheduled 100% increase in social security taxes to become effective on January 1 in respect to the old-age benefit and survivors' insurance program.

Testifying before the Senate Finance Committee, Mr. Altmeyer said it would be unwise to defer the prospective rise in payroll taxes from the present 1% for employers and employees to 2%. This increase in taxes to 2% was scheduled to become effective two years ago, under the law as originally written, but Congress voted in each of the preceding two years to postpone the increase and to leave the tax at the existing level.

Senator Vandenburg (Rep., Mich.), who sponsored the legislation postponing the rate rise in 1942 and 1943, said after hearing Mr. Altmeyer that he was undecided whether to seek another postponement.

Regarding Mr. Altmeyer's testimony, United Press Washington advices said:

"Mr. Altmeyer predicted that post-war economic adjustments, the growing proportion of aged persons, and the increased number of persons becoming eligible for social security benefits would 'result in eventual annual disbursements 15 to 20 times the present annual disbursements.'

"He said disbursements now are at the rate of about $138,000,000 a year. Collections this year, he estimated, will total $1,300,000,000. The scheduled doubling of the rate next year, he said, would add $1,400,000,000 to the yield in 1944.

"As of June 30, 1943, Mr. Altmeyer said, money accumulated in the old age trust fund totaled $4,300,000,000, invested in Government obligations at an average interest rate of 2.3%. Nevertheless, he insisted, the danger of an eventual deficit exists.

"He recommended that provision be made in the near future to include servicemen and women and some 20,000,000 workers who are not now eligible for old age insurance."

It was pointed out on October 14 by Samuel W. Bell, Washington correspondent of the New York "Herald Tribune," that although the Treasury once had hoped that drastic increases in social security taxes might be made a part of the Roosevelt administration's taxation and anti-inflation program, they were not included in the $10,-500,000,000 tax recommendations submitted by Secretary Henry Morgenthau, Jr.

NAM Opposes Tax Rise; Sales Levy Preferable

The National Association of Manufacturers urged Congress on Oct. 18 not to increase tax rates or impose new levies at this ime.

Presenting the Association's viewpoint, J. Cheever Cowdin, Chairman of the NAM Committee on Government Finance and Chairman of the Board of the Universal Pictures Corp., told the House Ways and Means Committee that the Treasury's $10,-500,000,000 program for increasing income and excise taxes is unsound and unrealistic "to the point of bordering on the fantastic." He said, however, that if Congress decides increased revenue is absolutely essential, then it should enact a national retail sales tax "to be levied at the final point of sale without exemptions."

Mr. Cowdin said the Association estimated that present tax laws would produce Federal revenue of $44,500,000,000 in the calendar year 1944, or $3,000,000,000 more than the Treasury estimated. He added that State and local taxes of $10,000,000,000 would bring total tax levies in 1944 to $55,000,-000,000, which is "as large as is wise or sound or safe."

On the same day it was noted in Associated Press accounts from Washington:

Randolph Paul, Treasury General Counsel, coupled a defense of the Administration's $10,500,000,-000 tax program today with a warning that imposition of a sales tax would threaten the Government's hold-the-line policy. These advices said:

Addressing the 21st Annual Agricultural Outlook Conference here, Mr. Paul made this prediction:

"If present taxes are not substantially increased with an eye to diverting the stream of dangerous dollars that is battering price and rationing controls, it will be very difficult to hold the line, and if new revenues take the form of a general sales tax, the line is more than likely to be broken, and then, at best, to be re-established at a very much higher level of prices."

Mr. Paul pointed out that the Treasury's contentions against a sales tax are prompted by the view that the tax would work hardships on persons of low incomes and would tend to "produce an irresistible drive for higher wages and farm prices."

Hannegan Named New Internal Revenue Head

Robert E. Hannegan of St. Louis was sworn in on Oct. 9 as Commissioner of Internal Revenue, succeeding Guy T. Helvering. Mr. Hannegan was Internal Revenue Collector for the Eastern District of Missouri, with headquarters in St. Louis. He was nominated by President Roosevelt on Oct. 4 and the Senate confirmed the appointment on Oct. 6. Mr. Helvering, who had served as Internal Revenue Commissioner for more than 10 years, has become United States District Judge for Kansas, succeeding the late Richard J. Hopkins.

Frank C. Moore, N. Y. State Comptroller, Urges Local Debt Reduction To Alleviate Realty Burden

Relief from burdensome real estate taxes cannot be obtained until "municipal debts are drastically reduced," Frank C. Moore, New York State Comptroller, stated in an address before the 50th annual meeting of the Savings Banks Association at Lake Placid, N. Y., last week. Mr. Moore asserted that now is the time for municipalities to strengthen their finances in order to meet the "post-war strains" and declared that refunding of debt is no solution as it always results in increased taxes to pay additional interest on the debt. Mr. Moore reviewed the various measures that have been enacted by the Legislature to prevent the "misuse" by municipalities of their borrowing powers and to bring about a gradual reduction of outstanding indebtedness. All of these measures are the products of the efforts of the Commission on Municipal Finance which was established by the Legislature in 1939 to study local fiscal problems and to recommend such statutory changes as are necessary to assure a sound basis of local finance. The Commission Mr. Moore said, will sponsor additional corrective measures in the next session of the Legislature providing for uniform municipal budgeting procedures. Continuing with his address, Mr. Moore said:

Frank C. Moore

A few months ago, Governor Thomas E. Dewey appointed an advisory committee to suggest means for the reduction of real estate taxes in this State. It includes six representatives of the municipalities, as well as the chairmen of the fiscal committees of both Houses of the Legislature and the State Comptroller. This committee expects to submit its report to the Governor late in December.

Undoubtedly, real estate in some municipalities bears more than its fair share of the cost of local government. But, in the absence of greatly increased revenues from other sources or the sharp curtailment of operating expenses, there can be no substantial cut in real estate taxes until municipal debts are drastically reduced.

Refunding is no solution. It always results in increased taxes to pay additional interest.

This is the time to strengthen municipal finances to meet the post-war strains. It is the time to reduce municipal debt, and the only way to reduce debt is to pay it.

There are other opportunities for the municipalities to help themselves. Dead wood should be purged from the tax rolls. Property acquired by tax foreclosure, unless needed for municipal purposes, should be disposed of. The gap between the tax levy and actual current collections should be bridged by a tax reserve fund.

In preparing the annual budget, revenues should be honestly but conservatively estimated. When adopted, the budget should be respected and deficit finances eliminated.

Under the constitution and statutes, the Comptroller today supervises the fiscal affairs of all cities (except New York, Buffalo and Rochester), all counties, the 932 towns, 548 villages, about 2,500 improvement and fire districts and some school districts. On July 1, next, his authority will be extended to the remaining 6,000 school districts.

Administratively, the authority of the Comptroller is exercised through the Municipal Affairs Division of the Department of Audit and Control.

We are reorganizing the Municipal Division to increase its effectiveness. We have divided it into three sections—examining, research and consultant.

Last year, 113 municipal examinations were completed. At that rate, it would require 100 years to check once each of the 12,000 units of government subject to the Comptroller's supervision after next July.

By substituting new methods but without increasing the number of persons employed, we expect to complete 1,700 examinations next year. It should be possible, in the near future, to check every unit of government once in a two-year period.

Nowhere can we now obtain accurate information as to the cost of our local government for the past year or any other period of time. We have been impeded in our efforts to improve municipal finances by the lack of this information.

The Research Section, recently established, is rapidly overcoming this obstacle and soon the facts of municipal finance in this State will be readily available to all. In its assistance to the Governor's Committee on Real Estate Taxes, the Research Section has more than justified its establishment. As additional fields are explored, the Research Section will constantly increase its usefulness.

We have also established in the Department of Audit and Control a Consultant or Advisory Section. Through the staff of this section, we extend to the municipalities the advisory services of a small, but most competent, group of men experienced in all matters relating to local finance.

As amended in 1938, the constitution now provides that the full faith and credit of a municipality of this State shall be pledged to the payment of any debt contracted by it. Moreover, the constitution requires the municipality to annually appropriate the full amount needed to pay its maturing debt service. In the event of its failure so to do, the courts will compel compliance upon the suit of the holder of any of its obligations. No greater security could be given.

This is significant of the general trend in this State towards an even better system of municipal finance.

Lea Succeeds Cox As FCC Inquiry Head

Speaker of the House Rayburn on October 4 appointed Representative Lea (Dem., Cal.) as Chairman of the special committee investigating the Federal Communications Commission. Mr. Lea, who is Chairman of the Interstate Commerce Committee, succeeds Representative Cox (Dem., Ga.), who resigned on September 30.

The removal of Mr. Cox had been sought last May by Clifford J. Durr, a member of the FCC, who charged that the committee could not be impartial under Mr. Cox's chairmanship.

In resigning, Mr. Cox told the House on September 30 that "the utterly baseless personal attacks upon me have beclouded the real issue of whether the Federal Communications Commission has been guilty or not guilty of the acts of maladministration with which it has been charged and which this committee was directed by the House to investigate. The House and the country are deeply concerned to ascertain the facts about the FCC without prejudice and free of personal controversies."

Senators Discussing Post-War Foreign Policy Resolution Advocating World Peace Body

The post-war peace resolution, drafted by a Senate Foreign Relations sub-committee was introduced in the Senate on Oct. 14 by Senator Connally (Dem., Tex.), Chairman of the Foreign Relations Committee.

The measure advocates joint action by "free and sovereign nations" to create "an international authority with power to prevent aggression and to preserve the peace of the world" and pledges United States' cooperation in the post-war world.

In submitting the resolution, Senator Connally said that it "represents many months of very careful labor and consideration by the sub-committee, with a view to all phases and aspects of our policy, and I think it represents, in the main, the views of the American people." He added:

"I hope that the supporters of the so-called Ball-Burton-Hatch-Hill resolution will very seriously consider this resolution. It is the best thing they can possibly get, and if they should offer their resolution, and it should be defeated, as it would be, there might ensue some inferences and suggestions which might not react very favorably in certain foreign quarters. This is a matter about which we ought to have harmony and unity. It is a matter that affects our relations witih foreign countries, and no consideration other than the national welfare should be borne in mind."

The resolution was described as a compromise between the House-approved Fulbright post-war resolution and the resolution offered by Senators Ball (Rep., Minn.), Burton (Rep., Ohio), Hatch (Dem., N. M.) and Hill (Dem., Ala.). The Senate sub-group had decided to write its own version of a foreign policy statement rather than consider the House-approved resolution, drafted by Representative Fulbright (Dem., Ark.) which simply would put Congress on record as favoring participation by this country through its Constitutional processes in "appropriate international machinery" to preserve the peace. Passage of the Fulbright measure, by a House vote of 360 to 29, on Sept. 21 was reported in our issue of Sept. 23, page 1192.

The Ball - Burton - Hatch - Hill resolution, which the Senate sub-committee passed over, specifically proposes creation of a permanent United Nations military force "to suppress by immediate use of such force any future attempt at military aggression by any nation."

The text of the Senate sub-committee's measure reads as follows:

"Resolved by the Senate of the United States:

"That the war against all our enemies be waged until complete victory is achieved;

"That the United States cooperate with its comrades in arms in securing a just and honorable peace.

"That the United States, acting through its constitutional processes, join with free and sovereign nations in the establishment and maintenance of international authority with power to prevent aggression and to preserve the peace of the world."

The full Senate Foreign Relations Committee on Oct. 19 began consideration of the post-war resolution with the sponsors of the Ball-Burton-Hatch-Hill resolution appearing as the first witnesses. The Senators, speaking for a bipartisan group of about a dozen members, charged that the sub-committee's resolution was "vague in its commitments" and proposed an amendment which would eliminate the reference to "free and sovereign" nations and make the United Nations the instrument of a world organization to be empowered to use military force to suppress aggression.

A poll by The Associated Press disclosed on Oct. 18 that 50 Senators, one more than a majority, find the sub-committee's resolution substantially acceptable to them and would support it on a showdown vote.

With a large group of Senators declining to commit themselves because they want to write more specific language into the proposal, the Associated Press said that a canvass showed that only 6 of the 56 members willing to express their views were unalterably opposed to the measure in its present form.

Previous reference to action on the post-war foreign policy measure appeared in these columns Oct. 7, page 1423.

House Group Votes To Bar Food Subsidies

The House Banking and Currency Committee voted on Oct. 14 to ban all subsidies on foods at the end of this year.

The action by a vote of 16 to 10, was taken with respect to a bill extending the life of the Commodity Credit Corporation until June 30, 1945. The Committee also voted to deny the CCC's request for an increase in its borrowing authority from $3,000,000,000 to $3,500,000,000.

Marvin Jones, War Food Administrator, had requested the increased CCC funds in order to make whatever price guarantees are necessary to get an all-out agricultural production in 1944. (Mr. Jones' testimony was referred to in our issue of October 14, page 1513.)

In a letter to members of the Committee, Mr. Jones stated that the effect of the restriction applied upon the price stabilization program and the activities of the CCC would be as follows, according to a Washington dispatch to the "Wall Street Journal" of October 15:

"(1) Increases in maximum prices:

(A) Such increases as might be necessary in the ceiling prices of products to reflect not less than $13.75 per hundredweight for good to choice butchered hogs, 200 to 270 pounds at Chicago.

"(B) An increase of 5 cents per pound in the ceiling price of butter.

"(C) An increase of approximately 4 cents per pound in the ceiling price for American cheese.

"(D) Increases of as much as $1.20 per hundredweight on some varieties of dry edible beans.

"(E) Such increases as would be necessary in the prices of canned corn, tomatoes, green beans, string beans and peas to reflect increases of 25% to 50% in the cost of the raw materials.

"(F) An increase of about $45 a ton in the ceiling price for prunes and raisins.

"(G) An increase of one-half cent per pound in the ceiling price of sugar in order to reflect the present support price of sugar beets. This increase would apply to all sugar although domestic sugar beets supply only one-fourth to one-fifth of the sugar consumed in the United States.

"(2) The discontinuation of the support price payment operations being carried out with respect to dry edible beans, canning crops, cheese, prunes, raisins, sugar beets, sugar cane, dairy feed, hay for feeding cattle in the drought areas of Delaware, Maryland, Virginia, West Virginia and North Carolina and sales of wheat for feed at less than the cost of such wheat."

Referring to the Committee's action as a blow at the Roosevelt administration's plan to use subsidies as a main factor in price controls and food production, advices October 14 to the New York "Herald Tribune" from its Washington bureau, noted that the Committee at the same time voted to introduce legislation abolishing the rollback subsidy on butter and meat and all other "rollback and consumer subsidies" as of Jan. 1, 1944. In part these advices also said:

"The anti-rollback action would nullify the 10% cut in the price of meat and butter instituted by the Office of Price Administration in June as a means of lowering the cost of living, and would also outlaw a subsequent program to cut the price of apples, oranges, onions, peanut butter, lard, vegetable oils and potatoes, announced on September 13 and not yet put into effect.

"The Committee's action was regarded as joining the issue over subsidies for another full-scale fight in Congress. President Roosevelt vetoed a similar measure earlier this year, but the OPA is still committed to the rollback program, along with the Office of Economic Stabilization, as a major element in the drive to hold the cost of living to the levels of Sept. 15, 1942, and gear wages to the National War Labor Board's "Little Steel" formula, which is based on the price level of May 15, 1942.

"The Food Administration is equally certain that the extra funds will be needed to carry on the price-support program already announced by Mr. Jones as the cornerstone of his drive for record food production in 1944. Officials said the phrase 'consumer subsidy' needed clarification, but that if it had the effect of outlawing payments now made on canned fruits and vegetables or cheese, the Administration would fight for an amendment."

CIO Head Opposes Proposed Sales Tax

Opposition of the Congress of Industrial Organizations to the imposition of a Federal retail sales tax was voiced on Oct. 15 by Philip Murray, President of the CIO, in testimony before the House Ways and Means Committee. Arguing that a Federal sales tax would be "the equivalent of a military defeat," Mr. Murray asserted that if such a levy became law organized labor "would be compelled to demand a proportionate increase in wages to make up for this unjustified wage cut."

It was noted in Associated Press accounts from Washington on Oct. 15 that Fred M. Vinson, Director of Economic Stabilization, previously had told the tax-framing body that a 10% sales tax would cause an 8% rise in the cost of living and that subsequent demands for wage and price increases would break the "hold the line" wartime economic policy, opening the way for wild inflation. Supporters of the tax contend that it would deter inflation, said the Associated Press, which added:

Mr. Murray, who said he represented 5,000,000 working men and women, stated:

"We are absolutely opposed to the imposition of any sales tax. The sales tax is directed at the low-income group: it is the worker and his family that spend practically all of their money just to keep themselves alive.

"They are to have their full income in effect taxed under this most vicious type of tax legislation. High-income groups that spend only a portion of their income for food, clothing, or other necessities are to have just that small percentage taxed, whereas the rest of their income may be continued to be amassed for further concentration of wealth in their hands.

"In peacetime a sales tax is vicious enough, but in wartime, when we are trying to assure our war workers of sufficient funds to maintain themselves, the proposed sales tax would be the equivalent of a military defeat.

"A sales tax is an imposition of a national wage cut bearing most heavily on the low income groups. Such a tax would be a violation of the obligation given by this Government to the working people of America that wages and prices are to be stabilized as of their relationship which prevailed on Sept. 15, 1942."

Thomas Sees Chaos If State Regulation Of Fire Insurance Is Nullified By Anti-Trust Laws

The fire insurance business and every one connected with it face demoralization and complete chaos if State regulation of the business is nullified through application of the Federal anti-trust laws, John M. Thomas, President of the National Board of Fire Underwriters, declared in an address before the 48th annual meeting of the National Association of Insurance Agents in Pittsburgh, on Oct. 11. Mr. Thomas stated that these attempts place in jeopardy sacred American principles which have been stoutly defended and maintained since the framing of the Constitution. The public, he said, has a vital interest at stake, too, since these proceedings concern all policyholders everywhere.

Mr. Thomas presented a brief history of the fire insurance anti-trust litigation which started last year, saying:

"In August, 1942, the Federal Anti-Trust Division without warning suddenly announced a nation-wide criminal investigation of the fire insurance business. Then in November—three months later—an indictment of some 198 companies and 27 individuals was secured in the District Court at Atlanta.

"Since this initial action, we all have become well aware of the frontal assault on the whole institution of fire insurance as it has been established in this country. The Anti-Trust Division, while vigorously prosecutig its case in Atlanta, announced investigations in New York and California—both involving practically the same defendants and based upon alleged acts of the same general character as those charged in Atlanta.

"In August, 1943, the District Court at Atlanta held that the Federal anti-trust laws did not apply to insurance, and dismissed the indictment. The Federal Anti-Trust Division has appealed to the United States Supreme Court."

Asking whether the attack on the fire insurance business is part of an effort to extend Federal Bureaucracy to every form of large-scale American business, and whether it is intended deliberately "to create such chaotic conditions in the insurance business as would support a spurious demand for Federal regulation that would otherwise be neither necessary nor desirable," he stated: "There is a clear threat in this situation to the rights of the States, to the will of Congress and to the orderly conduct of the insurance business."

"For over 75 years," he continued, "the Supreme Court of the United States has repeatedly held that insurance may be regulated by the States. For over 90 years insurance has been regulated by the States, each State acting in its own way to meet local conditions in the best interests of its citizens."

Mr. Thomas presented a comprehensive review of State regulation. Pointing out that essentially it is directed at controlling competition and preventing unfair discrimination, and aims at uniform and equal treatment of equal hazards, in part he said:

"State regulation has been accepted by the courts, all branches of the insurance business and the public as the proper and most effective way of protecting policyholders and the public interest in insurance. Thus our business, conducted by thousands and thousands of local agents throughout the country, has been built to conform to the details of regulation by the various States, after nine decades of well-considered trial and error by law-making and regulatory authorities.

"Every State requires a license as a prerequisite to engaging in fire insurance underwriting. Every State has requirements aimed at maintaining the solvency of the fire insurance companies licensed by it. Every State reserves the right to revoke or refuse to renew any license granted by it.

"Twenty-seven States provide by statute for rating bureaus. Only two States, Nebraska and Iowa, prohibit them. Twenty-nine States provide that the rates used by fire insurance companies be filed with State insurance departments. In 19 States fire insurance companies may not deviate from the rates promulgated by their rating bureaus unless a formal deviation is filed with, or approved by, the State insurance department. In practically all States comprehensive exhibits of the details of operations including profit and loss computations are required to be filed annually. In addition, expert auditors employed by the States, critically and in great detail periodically examine the financial condition of every fire insurance company authorized to do business in the respective States. . . .

"The States, finally, have sought to obtain uniform policies in the interest of promoting uniformity in all details of the insurance policy. Today 32 States prescribe standard forms of policies which must be used."

Lend-Lease Aid Over $15 Billion Mark

President Roosevelt announced on Sept. 28 that lend-lease aid in August reached a new record high of $1,261,000,000, as compared with $1,050,000,000 in July. Total aid since the lend-lease program began March 1941, was placed at $15,235,000,000, including $13,016,000,000 in goods transferred and $2,219,000,000 in services rendered.

Of the total aid given in August $1,114,000,000 represented goods transferred, as against $1,018,000,000 in July, and $147,000,000, in services rendered, as against $32,000,000.

Transfers of munitions in August amounted to $872,000,000, as against $728,000,000 in July; industrial items $152,000,000, against $158,000,000, and foodstuffs $90,000,000, against $132,000,000.

"The expansion of munitions production by American industry," said the President's statement, "has been so great that we have been able to increase our aid to the forces of the other United Nations while we have been arming our rapidly growing Army and Navy."

The announcement noted that there has been a "particularly sharp increase in recent months in transfers of aircraft and parts," adding:

"American planes are being flown in increasing numbers by Russian pilots on the eastern front and by British and other United Nations pilots in several theaters of war. The steadily growing strength of our own air force and the air forces of our Allies, which are pounding away at Germany and the occupied countries night and day, is continuous evidence of Hitler's inability to put a roof on fortress Europe."

Willkie Says End Of Present Administration's Power Necessary To Maintain Free Society

Calls For World Cooperation But Opposes Alliances

Wendell L. Willkie asserted on Oct. 15 that ending of the present Administration's power in office "is necessary not only for the preservation and development of a free society in the United States but for the hope of a free society in the world."

Mr. Willkie, in a speech regarded as his opening bid for the 1944 Republican Presidential nomination, said he is "dedicated to the removal from office of the man and the group" that have been in power for nearly 12 years, arguing that "such long continuance of power is hazardous to the perpetuation of free government."

Wendell Willkie

Mr. Willkie's address, which was broadcast over a nation-wide radio network, was delivered before a St. Louis audience and was an indirect reply to a series of questions put to him by a group of Missouri Republicans. (The questions appeared in these columns Sept. 16, page 1090.)

Charging that the Roosevelt Administration has failed to take the people into its confidence on foreign relations, Mr. Willkie declared that "we were unprepared mentally and physically for Pearl Harbor and now we are being left similarly unprepared for what will come after the war." He cited the Administration's failure to tell the facts of the Japanese threats and its present failure to reveal this country's relations with other nations.

Mr. Willkie, however, warned the Republican party that it would be unable to win in 1944 if "it merely attempts to coalesce under its banners the various negative groups within the country." The party's strength, he said, must be found in "a national policy that unifies the people" and makes America "a land of ever-expanding opportunity." He suggested "in broad terms some of the measures for which the Republican party must stand in order to bring about expanding opportunity for every American, viz.:

"First: We must insist that those in power eliminate every wasteful, socially unnecessary expenditure of the people's money. . . . And after the war is over, though taxes on inheritances must be maintained, taxes on income must be modified so that there is left the incentive to individuals, whether it be men who labor, or farm, or are in business, to plant the crops of production and enterprise.

"Second: We should demand the enforcement of present laws and, if necessary, the passage of additional laws, to make our enterprise system completely competitive—and this irrespective of whose toes are trampled upon. Where enterprise, whether by necessity or by default, excludes competition, such enterprise must be regulated in the interest of the people.

"Third: The adoption of a wise labor policy. . . .

"Basically we must proceed on the knowledge that we will never solve the problem of the relationship of labor to management, or of either to government, by mere modification of this law or that law. We will solve it only by making labor an essential part of government.

"Fourth: Our agriculutral policy should not be based upon the Administration's doctrine of scarcity during the years of the great depression nor upon its paternalistic, petty interferences, its manipulated and distorted markets in these war days. . . . Ours must be a farseeing policy, recognizing the necessity for soil conservation and . . . that the real hope of the farmer lies . . . in expanding markets.

"Fifth: We recognize that violent swings in the economic cycle with all of the attendant distresses and suffering are largely the result of the fluctuation in durable goods expenditures. . . . A method of co-operative effort between industry and government must be found for the more orderly, long-term adjustment of these expenditures."

Expressing his deep belief in international cooperation, Mr. Willkie said that "any plan for peace with half a chance of success must be built on a world basis." He warned against "exclusive offensive and defensive alliances between any two of the principal Allies," asserting that such alliances "will but divide, not unite the world." Mr. Willkie further said the goal of world peace will be missed "if America tries to play a hand at the old game of power politics" and that in the post-war dealings "we must encourage and seek to work exclusively with the forces that are neither Nazi-tainted nor Fascist-stained."

Mr. Willkie urged the United States, Britain, Russia and China to make a joint "declaration of intention" as a preliminary to forming a common council of the United Nations, a council which would eventually include all nations.

The text of Mr. Willkie's address follows, according to the United Press:

For nearly 12 years now we have lived under the Presidency of one man and under the Administration of one group. We are faced with the prospect of being asked to continue that man and that group in power for another four years.

Irrespective of the abilities or motives of the individuals involved, such long continuance of power is hazarddous to the perpetuation of free government. For 150 years, the people have instinctively known this. And the people have been right. For power so long held breeds within itself certain abuses which ultimately will destroy a democratic society.

The individuals who hold it inevitably come sincerely to believe that the alone possess the requisite knowledge to govern the people. All other men, because they cannot be possessed of certain detailed knowledge, seem to them unqualified. Even potential leaders in their own party seem to them pygmies.

Likewise, those who hold power too long begin to distrust the very source of their power; the people seem to them hopelessly ignorant. As a result, entrenched leadership becomes cynical and remote and it fails to take the people into its confidence.

Witness the present Administration's failure to tell us of the Japanese threats reported to the President by Ambassador Grew long prior to Pearl Harbor. And its failure now to inform us honestly of our operations and of our relations with other countries.

A few days ago, for example, the State Department published a white paper of a black record. It showed that our representatives abroad saw and told our Government of the growing menace of Japan and Germany, of the danger that one or both might strike the United States and involve us in war.

But this information was not imparted to our people, apparently on the assumption that diplomacy must be secret. Yet all the concealment and appeasement through fear of aggravation delayed the menace not one jot. The only result was that we as a nation remained unwarned and unprepared.

Meanwhile our Congress conducted munitions investigations while our President signed futile neutrality acts.

And yet—and this is the tragic irony—the Administration's excuse today for our lack of preparedness for war is that the people and their Congressional representatives would not have authorized the building up of an adequate Air Force, Army and Navy.

Perhaps if the people had been given the facts which it is now apparent the Administration possessed, they would have, as usual, been wiser than their leaders. Perhaps many of the billions wasted by the Administration between 1932 and 1940 might have given necessary employment and at the same time built a great armed force which would have stopped those marauders in their tracks.

And perhaps today, if the Administration would give us the facts about our diplomatic relations with Great Britain and Russia and China and France and Italy, the people would come to a wiser conclusion than their leaders will reach behind closed doors. In the United States the people have the right to make the decision.

As it stands, we were unprepared mentally and physically for Pearl Harbor and now we are being left similarly unprepared for what will come after the war.

And this is on the principle power always assumes: That it knows best what is good for the people, and that when it needs the votes of the people it is justified in using pressures and propaganda to lead them to its way of thinking.

The Administration plays the agencies of public information like an accordion—it saturates our newsreels, our radio programs, it manipulates the release of the news to suit its purposes and censors opinion in hundreds of subtle and little known ways.

It has come to know too well all the divisions in our society—racial, religious and economic—and plays one against another, sometimes really believing it knows best.

And those who gather round and constitute the palace guard, knowing that obscurity will be their lot when change comes, use the multiple powers of Government to perpetuate the leader from whom their importance stems.

Now even if I agreed with all the policies of an Administration that has held such power for so long, I would think it vital to terminate that power. And, since I disagree with many of the policies, both domestic and foreign, of the Government that presently holds such power, I am dedicated to the removal from office of the man and the group who exercise it.

Since the Democratic Party is unable to rid itself of a leadership which millions of its members would like to see changed, and because that party is today a combination of discordant elements held together largely by the manipulation of conflicting social groups, the use of long entrenched patronage and the vast power of its leadership, I, who have never been accused of excessive partisanship, believe that the only instrumentality that can be used to end that power is the Republican Party.

I furthermore believe that the ending of that power is necessary not only for the preservation and development of a free society in the United States, but for the hope of a free society in the world.

I understand that you, like many others, have questions in your mind as to the policies which the Republican Party must adopt and the practices it must avoid in order to be entrusted by the people with the leadership of our country in 1944.

I assume that you want me to-night to discuss these problems not in the manner of a school boy answering questions, but with the calm reason you are entitled to expect from a man whom the party has signally honored.

Let me say first: Of one thing I am sure, the Republican Party will not deserve leadership and cannot win if it merely attempts to coalesce under its banners the various negative groups within the country. Nor can it afford, in formulating its policies, to yield to the special pleas of self-interested economic pressure groups.

It must find its strength not, as does the present Administration, in dividing and ruling but in a national policy that unifies the people. It must seek to make America, after this war is over, a land of ever expanding opportunity—opportunity not just for a few top men to make their fortunes with the help of all other men, but opportunity for every man to work, to develop his abilities, and to receive the rewards of his effort, economic, social or political.

In other words, a society in which every man is guaranteed a job and the chance to get ahead.

Now you can't get ahead unless you are willing to take a risk. From the family in every prairie wagon to every ambitious worker, farmer and business man of today, the same courage, the same boldness, the same will to get ahead, has been the key to American progress.

The present Administration would have us believe that enterprise is the private, selfish and abused possession of a few big business men and as such is to be watched like a hawk and have its wings clipped and its tail-feathers pulled out every time it shows the least sign of flying—or even of hopping.

That is a ridiculous conception and shows a basic misunderstanding of what makes America tick. The spirit of enterprise lies in every energetic American and is the basic factor in any society of expanding opportunity.

Risk capital is the name today for money which people stand ready to risk in backing a new invention, organizing a new air route, or in any other pioneering enterprise.

It is what America and the world will need most for growth and expansion in the tough and adventurous days certain to follow the war. Television, the new automobiles, the new planes, the new houses, the new plastics, the new farm crops—an endless list of new discoveries, born of war research, cry aloud to be developed.

And risk capital is not, as the Administration would have us believe, any more the private possession of big business than is enterprise. Every farmer who takes a chance and buys the next-door farm on a shoestring, is risking his savings in exactly this spirit.

By working extra hard, with luck and with good management, he knows that he can literally lift himself up by his bootstraps. When a family saves pennies and sends a boy to college, that is risk capital. When that boy does chores to help pay his tuition he is risking his capital. It is by such risks that men in America have got ahead.

A land of expanding opportunity, however, must do more than give men and women a chance to get ahead. It must provide not alone opportunity; it must provide protection and care. Though not built on the fear of want, it must courageously face the problem of want, and in doing so must learn how to protect everyone in the event of unemployment, accident, bad health, incapacity and old age. It must bring about a constant improvement in the successive generations of Americans. As it is an expanding society, it must expand, not reduce, social insurances. And it must put them on a sound actuarial basis—not the present basis of politics and confusion of funds.

Social insurances, however, are not worth the paper they are written on unless a great and growing America stands behind them. And such an America can be built neither by setting up an all-powerful state, nor by turning over our economic system to a few self-appointed private individuals.

A growing America can be achieved by only one means: A productivity big enough, expanding fast enough, to absorb the unleashed energies and aspirations of all of our people. And such a productivity can come into being only if America joins with other nations to establish a world at peace in which trade can flourish.

For trade held too tightly within our own borders will lead to our own economic stagnation. As a matter of fact, even those who are interested solely in an unregimented economic society in America should be ardent advocates of world cooperation.

And now let me suggest in broad terms some of the measures for which the Republican Party must stand in order to bring about expanding opportunity for every American.

First: While we are engaged in this war to which we have dedicated all our resources and our lives, we must insist that those in power eliminate every wasteful, socially unnecessary expenditure of the people's money so that the people themselves when the war is won, may have in their hands the seed from which the crop of tomorrow can grow.

And after the war is over though taxes on inheritances must be maintained, taxes on income must be modified so that there is left the incentive to individuals, whether it be men who labor, or farm, or are in business, to plant the crops of production and enterprise.

Second: We should demand the enforcement of present laws, and, if necessary, the passage of additional laws, to make our enterprise system completely competitive—and this irrespective of whose toes are tramped upon. Where enterprise, whether by necessity or by default, excludes competition, such enterprise must be regulated in the interest of the people.

Third: The adoption of a wise labor policy is of the utmost importance. It must not be in the punitive spirit of the Southern Democrats' Smith-Connally Act. Nor do we want a policy like the present one that divides our country into warring factions of labor leaders and business executives, forcing each to jockey for power and struggle to convert political parties to its purposes.

We must, of course, recognize the fact that men who work and do not own, have no adequate economic and social protection except in their collective strength. And we must see to it that that strength is not taken away from them.

But basically we must proceed on the knowledge that we will never solve the problem of the relationship of labor to management, or of either to Government, by mere modification of this law or that law.

We will solve it only by making labor an essential part of Government. I do not mean just by the appointment of a labor representative as Secretary of Labor. I mean that in addition to real representation in a real Cabinet, labor's representatives shall help determine Government's fiscal, domestic and international pol-

icies. Thus, labor will share the responsibility and the results.

Fourth: Our agricultural policy should not be based upon the Administration's doctrine of scarcity during the years of the great depression nor upon its paternalistic, petty interferences, its manipulated and distorted markets in these war days of unlimited demand and higher prices. Ours must be a far-seeing policy, recognizing the necessity for soil conservation and the fact that the real hope of the farmer lies not in economy of scarcity but in expanding markets.

Indeed, no member of our society has a greater stake in markets than the farmer; if these are not strong and thirsty for his products, all other schemes will fail him in the end. There lie ahead amazing new agricultural possibilities for a wise leadership to open up. New standards of health, new sources of earning power, can, if opportunities are created, enormously increase agricultural demand. New uses of nutritive foods, new uses of agricultural products in industry, will help swell the total.

Yet even this great domestic expansion will not be big enough. It is only when we contemplate expanding foreign markets which will come with a world of peace and cooperative effort among the nations, that we begin to glimpse the mighty forces that we can bring to the aid of the American farmer.

Fifth: We recognize that violent swings in the economic cycle, with all of the attendant distresses and suffering are largely the result of the fluctuation in durable goods expenditures—as in the building and enlargement of industrial plants, railroads, utilities and public improvements. A method of cooperative effort between industry and Government must be found for the more orderly, long-term adjustment of these expenditures.

These are measures designed to build in America the kind of life we want. But neither these nor any other measures to that end can be accomplished if we try to lock ourselves in from the rest of the world.

After the war, we shall have a national debt of probably 300 billion dollars on which the interest charge alone will be around 7½ billion a year. This charge, together with soldier rehabilitation, the ordinary cost of Federal Government and the equally large cost of State and local governments, will consume up to a third of our national income.

Pause for a moment to consider piling on top of this the astronomical cost of building the hypothetical "impregnable defense," the phrase of those who picture America as going alone in the world of tomorrow.

Under such conditions all those things against which we cry out now, and endure only as wartime measures—regimentation, bureacracy, interference with many of our traditional freedoms would, through sheer necessity, have to be multiplied again and again. And any attempt to rid ourselves of our debt through either inflation or repudiation would bring social and economic dislocations, so far-reaching as to destroy our whole social system.

The right way through is plain: Expansion and development. Literally millions of people around this world are eager to work with us in cooperative economic effort. And if there is any one thing that we have learned in America, it is that no man's prosperity needs to be had at the cost of another's, that well-being is a multiplying, not a dividing process.

You have heard men, who like to stencil other men into categories, call me an internationalist. And with the word they try to give the implication that I am thereby less an American.

I do believe deeply in international cooperation, not because I love America less but because I love her more—the America of well-being, of jobs, of opportunity, of ideals, and of free men.

And I know that the very existence of these things in America in the future depends upon our finding a method of cooperation with the other nations of the world. Cooperation in order that there may be peace in the world; that we and the other great Powers may not waste the substance of the people in building rival impregnable defenses; that unnecessary and artifical trade barriers and tariffs may be broken down; that a monetary standard may be recognized around which the currencies of the world can be stabilized.

Some men ask: Just what is your blueprint? I could give you many. But, in my opinion, we are not yet at the blueprint stage. We have yet, by prospecting with the other nations, to find the place on which we may stand together to move the world towards peace, away from war.

The ultimate blueprint will be what we can work out with these nations in mutual accommodation. But first we must discover a common ground on which we can begin to build. And though I do not presume to know with precision or in detail what that common ground looks like or the exact way there, I think I know certain things that may be helpful in reaching it.

I know that we will never get there if we start by making exclusive offensive and defensive alliances between any two of the principal Allies, or by indicating that we prefer to make offensive or defensive alliances with one rather than another of our major Allies.

Such alliances will but divide, not unite the world. They will in the end originate wars on such a scale that no organization of the nations can possibly stop them.

I know we will never get there if America tries to play a hand at the old game of power politics—a game which is played always at the price of permanent peace, and a game at which we find ourselves inept and frustrated.

Another thing I know. In all our dealings with those of the conquered countries of Europe, with our potential friends and, when the war is over, with our vanquished enemies, we must encourage and seek to work excusively with the forces that are neither Nazi-tainted nor Fascist-stained.

And this I know also. Although America, with all the other nations united on a common ground must be willing to agree to bear its share in any military effort to prevent or repel aggression, the exercise of military power and force alone is not the full or final answer. It never has been. The real foundation of peace and development must be economic.

And there is finally the fact that any plan for peace with half a chance of success must be built on a world basis.

I can testify from personal observation that all the world turns to America for leadership. Therefore, tentatively, hopefully, I should like to see this country exercise its utmost qualities of leadership and moral force to bring Great Britain, Russia, China and the United States to a point of understanding where they will make a joint declaration of intention as a preliminary to forming a common council of the United Nations and other friendly nations. Out of the practice of cooperation and out of the substance of agreement will come our only chance to realize man's hope for peace.

These are my deep and strong beliefs. It is anyone's privilege to fit me into any category he wishes. That's relatively unimportant. The question of real concern is: What will be the position of the Republican Party as expressed both in its platform and in its leadership in 1944?

Recently, at Mackinac Island, a selected committee chosen by the national chairman passed a resolution which stated:

"We must do our full share in a program for permanent peace among nations . . . We consider it our duty to declare our approval of . . . responsible participation by the United States in post-war cooperative organization among sovereign nations to prevent military aggression and to attain permanent peace with organized justice in a free world."

Twenty-five years ago, at the end of the First World War, our country and our party were faced with a situation similar, but less complicated. Its convention adopted a resolution drawn by Elihu Root. He, too, incidentally, was dubbed an internationalist. That resolution was in these words:

"The Republican Party stands for agreement among the nations to preserve the peace of the world. We believe that such an international association must be based upon justice and must provide methods which shall maintain the rule of public right by development of law and the decision of impartial courts, and which shall secure instant and general conference whenever peace shall be threatened . . . so that the nations pledged to do and insist upon what is just and fair may exercise their influence and power for the prevention of war."

After adopting that resolution, the Republican Party accepted as a leader, and elected, a candidate who, when in power, turned away from the clear import of that resolution. The people of America have that example fully in mind. They are watching with an eye of close scrutiny the Republican Party today. They are tired and disillusioned with their present leadership. They would like to turn to the Republican Party. But they are resolved that this country will cooperate and cooperate effectively with the other nations of the world that their sons may never again be needlessly slaughtered and that peace may be preserved for their own economic well-being and for the economic well-being of mankind.

They will never elect as President a candidate who hedges or qualifies or whose record is ambiguous or one concerning whose position they have the slightest doubt on this the basic issue of our day.

But once the Republican Party convinces the American people of its sincerity in advocating real international participation, I am confident that the people will recognize and support this party as the party of the future.

For in our party there are the able men, there are the progressive traditions, there are the dynamic policies capable of revolutionizing the outlook of mankind.

It is our task to arouse the mighty efforts and enterprises of our people, and through these to make peace a reality for men and women everywhere in terms of work and trade, reward and human hope.

If the party selects from among its many able men, as its candidate for President in 1944, a man whose record leaves no doubt that he is qualified for the leadership of such a cause, I will, of course, support him.

And it is unthinkable that the party will select any other kind.

Fruitless Seeking

I believe that it will be the consensus of opinion that the irreducible minimum of what should be obtained by the United States as the outcome of the victory in which it will share must be the practical certainty that in the world of the future, the United States will be secure—safe from the threat of successful attack by any power, or by any combination of powers; fully assured that its own free institutions will suffer no jeopardy from foreign sources; and enabled, by reason of peace, prosperity, and political and social stability in the rest of the world, to develop its own national resources and its trade in such a manner as to make possible that advance in social conditions and that rise in living standards which the vast majority of our people seek. For we have, I believe, at long last, learned the lesson that we cannot grow richer if the rest of the world becomes poorer; and that the surest guaranty of our prosperity is the prosperity of others.

From the standpoint of our political, economic and strategic vital interests it is likewise indispensable that if we are to achieve our own security every nation of the Western Hemisphere must also obtain the same ample measure of assurance as ourselves in the world of the future.

Those, it would seem, are the "eternal and perpetual interests" of the United States.

It seems to me clear that these interests can never be safeguarded unless the United States participate with the other nations of the earth in creating that kind of free world organized under law, and made safe by armed might when necessary against lawbreakers which men and women have envisioned for centuries past and which they have so far fruitlessly sought to attain.—Sumner Welles.

We wonder if Mr. Welles and the others who speak in this way have seriously inquired why these things have been sought in vain. If so he and they must have found the answers deeply inbedded in human nature conditioned by long centuries of varied history.

Is there any convincing reason to suppose that these impediments no longer exist?

War Surpluses And Civilian Goods

(Continued from first page)

manufacturers, mail-order houses and retailers are all vitally concerned in this. To some groups it means good business. To others, and particularly to retailers, the effect may be bad. Obviously, these materials should not be dumped upon the market hastily.

Legislation is already proposed, calling for a study as to ways and means by which these surplus goods may best be disposed of. Some Representatives want the entire matter placed under control of the Budget Bureau. Others seek to establish a custodian of surplus property. I strongly advise that retailers band together and insist that their consumers goods markets remain free from any unfair competition which in the end would hurt consumers as well. Congressmen ought to be fairly busy with this!

Current Situation

Already the Army is releasing certain consumer items. These include clothing, shoes, kitchen utensils and certain supplies which now have no direct military value. The Army has more of these kinds of goods on hand for current sale than does the Navy. Sales by the Navy, for the present at least, are being confined to raw materials, scrap and machinery. All these articles are first offered to other Government Agencies. If these Agencies are not interested, the goods are then sold through the Procurement Division of the Treasury. Manufacturers, as well as retailers, may be interested in securing lists of what is now available from Procurment Division Offices in Boston, New York, Atlanta, Washington, Cincinnati and Fort Worth. Most of the Army sales are made upon a negotiated basis; but the Navy usually insists upon sealed bids.

In certain instances the WPB has allocated Navy surpluses to manufacturers who are in need of them. Any manufacturer engaged in war production who is presently cramped for machinery and supplies of raw materials might do well to contact WPB regional offices to see what is on hand. Prices have been running close to the cost of the materials involved.

Conclusion

In time of war, as we know it today, the Army and Navy buy and use practically every kind of material that is necessary to civilian life. This first brings about shortages in consumers goods but in turn surpluses are very apt to result. My own suggestion to relieve the situation as it continues to develop is to include these surplus goods under Lend-Lease and after the war to get rid of the balance through direct foreign sales. This would leave our domestic retail outlets free from unfair competition and introduce some of our foreign goods at extremely low costs to certain nations to which the war may not have brought them.

R. O. Deming, Jr. Heads Mtg. Bankers Legion

R. O. Deming, Jr., President of the Deming Investment Co., Oswego, Kan., and Regional Vice-President of the Mortgage Bankers Association of America, has been elected head of the Mortgage Bankers Legion, an affiliate of the Association. He succeeds Stanley H. Trezevant, Memphis. H. C. Peiker of the Massachusetts Mutual Life Insurance Co., Springfield, Mass., has been named Secretary. The Legion's activities supplement those of the Association. Mr. Deming has served as board member or regional Vice-President for many years. His father was a founder of the Association more than 30 years ago.

The Financial Situation

(Continued from first page)

From all this the conclusion is usually drawn that the natural and quite laudable emotion of compassion will make it impossible for us to pass by on the other side, and that moreover enlightened self-interest will place a similar burden upon us quite aside from the question of direct financial return for or upon the aid we extend. Political chaos, communism, or perhaps anarchy or civil war, so the argument runs, are all weeds which thrive upon such impoverished and blood-drenched soil as will be found immediately after the war, particularly in Europe. Even the continuance of what is known as "civilization" may depend, it continues, more upon what is done by those countries which emerge from the war with the least damage than upon the behavior of those which have been obliged to suffer the full and direct effects of total war. Outstanding among the more fortunate countries, possibly the only country, which will emerge from the war with really large financial and economic resources, it is added, will be the United States.

We Shall Want To Help

There is an element, perhaps a substantial stratum, of truth running through this line of reasoning. Of course it is true that nothing can save peoples who will not bear the larger part of the burden of saving themselves in any given situation. Likewise, it would be, and many current commentators have proved that it is, easy to overestimate our surplus resources and financial strength after this war is over, but it is true beyond much question that we shall find ourselves in a position that will forbid us for several reasons to refuse or neglect to take a leading part in helping to assuage the suffering which will be far too abundant when the fighting is over. The absurd demands sometimes made that we inordinately deny ourselves after the war to be certain that other peoples have a quart of milk per day per capita must not be permitted to blind us to the fact that we shall probably feel under the necessity of carrying a heavy burden of relief for a time at all events.

Charity vs. Business

But whatever we may feel it necessary to do in this connection, and in whatever degree we may feel it in accord with our enlightened self-interest, we should not make the mistake of confusing such transactions with ordinary business dealings. It is proverbially unwise to mix charity with business in private life. It would be no less so in such affairs as these now under discussion. Serious consequences would be more or less certain to follow the denomination of gifts, or what amount to such, as "loans" with a rate of interest and repayment specified when it is clear that no such interest or repayment can reasonably be expected. Particularly unfortunate would it be to conduct such business through a corporation, as is apparently contemplated in some official circles, such corporation obtaining its funds for the purpose in substantial part at least through means other than direct appropriations by Congress specifically designated as grants.

The history of the RFC is particularly edifying in this connection. Here is an institution originally founded to advance funds on what was supposed to be a business basis. It made many such loans. In the earlier phases of its operations its transactions, apart from questions of judgment as to the goodness of loans were largely of this general order. It was not very long, however, before the politicians recognized the convenience of such an organization capable of borrowing indefinitely (with Treasury guarantee). One result was that it was thrust into the business of providing charity on a scale never before dreamed of, the reason being, of course, that funds could in this way be provided without burdening the budget with them. Ultimately, the whole matter being domestic, it was possible—and necessary — to have the Corporation "forgive" huge amounts of indebtedness to it.

No International RFC

It would be unfortunate if any international organization of like sort were created for the purpose of "lending" money obtained in similar fashion to equally insolvent debtors in various parts of the world. Extravagant and nonstructive financial operations would be greatly encouraged, and the "forgiving," when the time for settlement arrives, would not be so simple as with the RFC — and hardly productive of either international good will or orderly international finance. But experience has amply demonstrated that it is not only through such devices as this that "loans" with little prospect of repayment — indeed without even the willingness on the part of the lender to permit conditions under which such repayment can in the nature of the case be made — can be made. We should be wise after this war when we contribute to the relief of prostrate peoples in whatever amounts and in whatever form we feel we must, not to persuade ourselves that it is a loan or an investment that we are making. So far as the funds are provided by the Federal Government, they should be directly appropriated and carried as an expenditure in the budget.

Investment Opportunities

There will also doubtless be opportunities for the true investment of capital abroad in the years to come. There may be many such opportunities. These, however, fall in an entirely different category, and here, we are convinced, the Government has no place. To be sure the Government in shaping international and domestic policies could render constructive aid of the first order of importance—or could by the kind of policies it has made its own during the past decade do almost irreparable injury to the normal flow of capital to and from the various parts of the world. But such loans should be made on a strictly business basis by business men. Such investments must be the free choice of enterprise which has accumulated the capital for the purpose. It is foolish to suppose that the material welfare of mankind will be served by the "investment" of funds where they promise no return, and equally foolish to suppose that opportunities for profitable investment will be overlooked by private enterprise.

From Washington

(Continued from first page)

but the difference between them and Mr. Willkie is that they aren't asking to be the Republican standard bearer. You can appreciate how Mr. Willkie appeals to the thousands of men who have spent their money, contributed their energies and worked hard all these years to keep the Republican party together. It has long represented a philosophy of government to them, not just an occasional instrument.

You can imagine, too, how indignant they become because the type of campaign Mr. Willkie is carrying on handicaps the party's publicity machinery. Mr. Willkie is making the same campaign on the Republicans that the New Dealers are making, namely, that their conduct from 1920 on down through 1932 was responsible for World War II. Out in the Kentucky gubernatorial campaign, for example, the Democrats are screeching their lungs out, that the election of a Republican governor in 1919 was the beginning of the Republican "isolationism" which brought about the present war.

For his own selfish purposes, presumably, this is the sort of campaign Mr. Willkie must make. His only claim to the Republican nomination is that the party has been bad and must reform. The only way the reformation can be expressed is through him. There is the fact, of course, that we are always inclined to look dubiously upon reformed drunks or political parties; there is always the tendency to hold back and find out if the reformation holds, but it is Mr. Willkie's sole reason for being the standard bearer, nevertheless.

The fact, though, that he is adopting this tack makes it impossible for the party propagandists, say the Republican National Committee, to show what hokum this stuff is, not only to show what hokum it is but to make it a vigorous point of attack against the New Deal.

There is no need of going back and asking whether things might not have been different had we joined the League of Nations. The plain, inescapable facts are, regardless of what policies were pursued by the Republicans from 1920 to 1932, that on March 4, 1933, when Mr. Roosevelt came into power, Germany was an utterly beaten, impoverished and disarmed nation. It was not even a threat to the Duchy of Luxembourg. The aggressiveness, the recovery, the rearming occurred in the ensuing period.

Now, why can't the Republican National Committee harp upon this?

Because it is an employee of the party, of all the candidates, avowed and potential. To reveal this hokum it would be attacking one of the Republican candidates. It has to carry on, squirming in its seat, while the New Dealers' whole issue is that the Republicans are responsible for the war.

In a way, it is laughable. The fact is, of course, that Harding, Coolidge, Elihu Root, practically all the leading Republicans of the time, tried to get this country to adhere to the World Court. They were up against a thoroughly disillusioned people. And when it is intimated that Hoover was an "isolationist" the man must literally wince. Why, he was always accused of being an internationalist, pro-British. Senator Jim Reed of Missouri never referred to him without saying "Sir 'Erbert 'Oover." The attack was made in his 1928 Presidential campaign that he hadn't lived in this country for 25 years.

Mr. Willkie would like to cash in on the New Deal's international shortcomings, so he would do it, as he did at St. Louis, by insisting that Roosevelt is culpable for not telling us what was brewing in Germany. Why did he keep his knowledge to himself, asks Mr. Willkie. We doubt he will be able to make this convincing. The fact is that Roosevelt did pursue a strict "isolationist" policy, coupled with a hemispherical "good neighbor" policy up until the time his domestic policy completely collapsed, but there were none of us who didn't know fully what Hitler was doing. It was all our European correspondents had to write about—the forthcoming Second World War—and they did it every day. When we made a round of the European countries in 1934, they were complaining that Roosevelt was cutting such capers over here that they couldn't get on the front pages with their warnings of the coming war, but they were warning. And, indeed, on this trip we, ourselves, wrote from Germany that there was not the slightest doubt but that Hitler was going to take advantage of the preoccupation of the Allies in trying to recover from World War I, to regain Germany's place in the sun. He was counting on not being challenged, and from what he saw over there he had every reason to count on it.

Our "architects" of the post-war world, including Mr. Willkie, have become terribly muddled as to what sort of a post-war structure to have, how to deal with the aggressor nations and who should do it. Why not resolve the problem in the simplest way and in the light of what really has gone before:

Pass a "resolution" that under no circumstances shall another Roosevelt be elected President in another 20 or 25 years.

In the light of past events, that's the only "structure" that is needed.

Result Of Treasury Bill Offerings

The Treasury Department announced on October 18 that tenders for $1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated Oct. 21, 1943, and to mature Jan. 20, 1944, which were offered on October 15, were opened at the Federal Reserve Banks on October 18.

The details of this issue are as follows:

Total applied for—$1,413,861,000.

Total accepted, $1,000,798,000 (includes $71,945,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High—99.926. Equivalent rate of discount approximately 0.293% per annum.

Low—99.905. Equivalent rate of discount approximately 0.376% per annum.

Average price—99.905. Equivalent rate of discount approximately 0.375% per annum.

(63% of the amount bid for at the low price was accepted.)

There was a maturity of $1,003,709,000 of bills on October 21.

With regard to the $1,000,000,000 offering of 91-day bills, dated October 14 and to mature on Jan. 13, 1944, which were offered on October 8, the following are the results:

Total applied for—$1,185,062,000.

Total accepted — $1,004,964,000 (includes $53,557,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High—99.926. Equivalent rate of discount approximately 0.293% per annum.

Low—99.905. Equivalent rate of discount approximately 0.376% per annum.

Average price—99.905. Equivalent rate of discount approximately 0.375% per annum.

(93% of the amount bid for at the low price was accepted.)

An issue of bills in the amount of $1,001,159,000 matured on Oct. 14.

The following regarding the previous week's offering of $1,000,000,000 of 91-day Treasury bills, dated Oct. 7 and maturing Jan. 6, 1944, was reported by the Treasury on Oct. 4:

Total applied for—$1,239,489,000.

Total accepted — $1,006,931,000 (includes $51,869,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High—99.926. Equivalent rate of discount approximately 0.293% per annum.

Low—99.905. Equivalent rate of discount approximately 0.376% per annum.

Average price—99.905. Equivalent rate of discount approximately 0.375% per annum.

(87% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Oct. 7 in amount of $1,003,063,000.

With respect to the offering of $1,000,000,000 of 91-day Treasury bills, dated Sept. 30 and maturing Dec. 30, the following are the details of this issue:

Total applied for—$1,337,648,000.

Total accepted — $1,002,901,000 (includes $59,778,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High—99.926. Equivalent rate of discount approximately 0.293% per annum.

Low—99.905. Equivalent rate of discount approximately 0.376% per annum.

Average price—99.905. Equivalent rate of discount approximately 0.375% per annum.

(73% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Sept. 30 in amount of $1,005,820,000.

Dr. Myers Warns Against Speculative Purchases Of Farm Lands As Leading To Financial Disaster

Urges Need For Long Term Loans, Intermediate Credit

At the Wartime Farm Credit School of the New York State Bankers Association at Syracuse, N. Y., Oct. 14, Dr. William I. Myers warned against purely speculative farm land purchases, pointing out that inflated farm land values led to financial disaster in the 1920's, but urged the bankers to give increasing attention to the needs of farmers for long-term loans for financing land purchases, and short-term loans and intermediate credit for the production of crops and livestock. Dr. Myers, Agricultural Economics Head of the New York State College of Agriculture, Ithaca, and Vice-Chairman of the Board of the Federal Reserve Bank of New York, spoke at the second session of the Association's two-day Wartime Farm Credit School, his remarks having been made at a panel discussion, "The Relationship Between Banks and Farm Credit Administration Agencies," in which both the banks and Government sponsored farm lending agencies were represented. Dr. Myers observed that "high farm income and comparatively low farmland prices have created conditions under which any man who is willing to work hard and save may look forward to becoming the owner of a good farm," and in part he said:

"Only in the last few years have banks taken stock of the credit needs of farmers and started revising their lending policies to meet these needs. It was out of a banking situation in which too little attention was given to farm borrowers that the Federal Land Bank, the Federal Intermediate Credit Bank, the Production Credit Corporation and various other Government farm lending agencies got their start and achieved their present growth."

The question of competition between the Government agencies and the banks, he concluded, is one that must "finally be decided by the farmer, rather than by commercial bankers or officials of Government lending agencies. In the last analysis, the store with the best goods and the best salesmanship gets the business."

"Latest farm credit statistics," Dr. Myers pointed out, "show that New York State commercial banks hold $37,000,000 of non-real estate agricultural loans as compared to $12,200,000 by the Production Credit Associations and the Farm Security Administration, while farm real estate loans by banks total $14,000,000 as compared to $44,300,000 by the Federal Land Bank and the Land Bank Commissioner."

Representing Government agencies in the panel was E. H. Thomson, President Federal Lank Bank, Springfield, Mass. Commercial banks were represented by Otis A. Thompson, President, National Bank & Trust Co., Norwich, and Chairman of the Agricultural Commission of the American Bankers Association, and A. G. Brown, Deputy Manager, Agricultural Credit Department, American Bankers Association. The farmer's viewpoint was expressed by Warren W. Hawley, Jr., President of the New York State Farm Bureau Federation. Mr. Hawley was also the principal speaker at a luncheon Oct. 15, over which E. Chester Gersten, the Association's President and President of the Public National Bank & Trust Co., New York City, presided.

Mrs. Roosevelt Against National Sales Tax Idea

Mrs. Franklin D. Roosevelt on Oct. 18 declared herself "always" opposed to the idea of a national sales tax because, she said, according to the Associated Press, it would cut primarily into the standard of living for lower income groups.

The First Lady told her press conference that she felt it was not as satisfactory a way as other ways recommended to increase revenue.

4-Cent Rail Pay Rise Affirmed

Fred M. Vinson, Economic Stabilization Director, on October 16 approved a wage increase of 4 cents an hour for the approximately 300,000 operating employees of the railroads, effective October 26. The increase had been recommended by an emergency board in a report submitted on September 28. (See "Chronicle" of Oct. 7, 1943, page 1430.)

President Roosevelt on the same date set up a new emergency board to pass on the wage demands of about 1,100,000 non-operating railroad employees. This board consists of Justice Elwyn R. Shaw of the Illinois Supreme Court, Richard F. Mitchell, former Chief Justice of the Iowa Supreme Court, and Walter C. Clephane, of Washington.

On October 19, President Roosevelt summoned labor leaders to a conference on October 21 to discuss labor's demands for higher wages with a probable view of heading off a threatened nationwide strike ballot by railroad workers, according to an Associated Press dispatch, which adds:

"A spreading restlessness among the railroad workers over failure to win their wage demands threatens to develop into an order for a strike poll soon, but the decision is believed to depend largely on the attitude of the five operating brotherhoods whose representatives meet in Chicago late this week."

The following is taken from the New York "Times" of October 17:

Mr. Vinson said in his opinion accepting the recommendations of the Emergency Board in the case of the operating employees that the relevant facts pertaining to the "Little Steel" formula in both of these cases "will not mean that the operating employees who have higher earnings will receive a wage increase while the non-operating employees will receive none."

Since he further pointed out in his "opinion" that the new Emergency Board in the case of the non-operating employees "is authorized by the order creating it to take into account the wage increase recommended for the operating employees," his words were interpreted as a virtual insruction to the new Board to grant at least a 4-cent increase to the non-operating employees.

"The Board consequently should be in a position to see that the adjustments to the non-operating employees bear a fair relation to the adjustments given to the operating employees," he said.

"As an original proposition," according to the opinion, "the point could well be taken that the 'Little Steel' formula should be applied to the average hourly earnings on Jan. 1, 1941, for both operating and non-operating employees. If this were done, the increases of December, 1941, to both employee groups would practically exhaust the permissible wage adjustments under 'Little Steel' for railway employees.

"In the non-operating case, however, as in the case here, 'Little Steel' has been figured on the basis of each group. This results in no 'Little Steel' increase to the former and, as stated, 4 cents per hour in the instant case. This will not mean that the operating employees who have higher earnings will receive a wage increase while the non-operating employees will receive none.

"Under my opinion of June 30 the non-operating employees are entitled to a wage adjustment based upon the sub-standard and inter-related job classification critera. In determining appropriate rates for inter-related job classification, the special Emergency Board created by the President to reconsider the non-operating case in light of my opinion is authorized by the order creating it to take into account the wage increase recommended for the operating employees. The Board consequently should be in a position to see that the adjustments to the non-operating employees bear a fair relation to the adjustments given to the operating employees."

The White House said that "the dissolution of the Emergency Board originally created to report on the claims of the non-operating employees necessitates the creation of a new special Emergency Board to accord such relief as may be consistent with the stabilization program."

New Inventions In Post-War Economy Discounted By Bickel

J. M. Bickel of the Carrier Corp. of Syracuse, speaking at the Boston Conference on Distribution at Boston on Oct. 19, emphasized the immense job of absorbing Government-acquired plants and equipment by industry and discounted the effect of new inventions on our post-war economy, said the New York "World-Telegram" of Oct. 19, which also indicated Mr. Bickel as saying:

"It is estimated that as much as $50,000,000,000 worth of equipment, supplies and materials will be in the Government stockpile at war's end. At the earliest possible time we would like to have some assurance that this will not be dumped at a fraction of its normal value on markets we are striving to regain.

"It is unthinkable that when the war is over the Government will use these facilities to compete with independent industry. We would, however, welcome a forthright statement to that effect."

Referring to the so-called "industrial marvels" of tomorrow, Mr. Bickel said:

"Radar, electronics, plastics, aviation, television are words with which to conjure. They will play an increasingly important role in the world of tomorrow, but from a perfectly practical standpoint these industrial marvels must not be expected to account for an appreciable part of our total economy until sufficient time has elapsed for their testing and acceptance by the public. Food, clothing and shelter will still be popular and our job is to make our accepted products better and sell them for less money."

Redemption Limit On Tax Notes Lifted

The Treasury Department announced on Oct. 7 removal of restrictions limiting to $5,000 the amount of Tax Savings Notes of Series A that could be used in any one year for payment of taxes. The sale of these notes, which have been available for the convenience of small taxpayers since August, 1941, was discontinued on June 22 in view of the fact that the purpose for which the notes were issued is now largely served by the Current Tax Payment Act of 1943. Treasury officials explained that, since the notes are now redeemable for cash, the $5,000 limitation is removed to permit transfer of the notes directly to Internal Revenue Collectors without the necessity of first redeeming them.

President Signs Measure Ending Tax Amortization Privilege For War Plants

President Roosevelt signed on Oct. 5 an amendment to War and Navy Department regulations which indicates virtual termination of the tax amortization privilege. "Tax amortization provisions," the White House explained, "were written into the law in 1940, shortly after the start of our rearmament program, in order to encourage private expansion of facilities for the national defense effort. This was accomplished by insertion in the Internal Revenue Code of a new Section 124." "The law," says the White House statement, "as thus amended allowed taxpayers to write off the cost of new facilities over a five-year period (or less should the emergency end sooner) instead of over the longer depreciation period normally used, in every case where the construction of the facility was certified to be necessary in the interest of national defense."

The White House statement added:

"In the three years the law has been in existence, the War and Navy Departments have issued over 27,000 Necessity Certificates for facilities having a value in excess of $5,500,000,000. The War Production Board has stated that with a few exceptions the United States now has the capital equipment needed to beat the Axis. The effort today is directed, not to further expansions, but to full utilization of existing capacity. The few remaining cases of needed facilities can be taken care of by governmental financing.

"Amortization will not hereafter be granted unless the War Department or the Navy Department has approved the project for amortization before the facility has been begun or acquired. Such advance approval will be given only when a shortage has been determined and it has been established that private financing would be to the advantage of the Government.

"Applications already filed are not affected.

"The amendment to the regulations under Section 124, Internal Revenue Code, as approved by the President, is as follows:

"'The construction, reconstruction, erection, installation, or acquisition of a facility shall not be deemed necessary unless (1) the beginning of the construction, reconstruction, erection, installation, or the date of acquisition of such facility was prior to Oct. 5, 1943; or (2) an application for a Necessity Certificate describing such facility was filed before Oct. 5, 1943; or (3) the Secretary of War or the Secretary of the Navy, in exceptional cases, has determined prior to the beginning of such construction, reconstruction, erection, installation, or the date of such acquisition, that there is a shortage of facilities for a supply required for military or naval uses and that it is to the advantage of the Government that additional facilities for such supply be privately financed.'"

Jos. A. Bower Heads Banking Division Of NY War Finance Group

Joseph A. Bower, Executive Vice-President of the Chemical Bank & Trust Co., has been appointed Director of the Banking and Investment Division of the War Finance Committee for New York State, it was announced October 14 by W. Randolph Burgess, Chairman of the Committee. Mr. Bower succeeds Eugene R. Black, who Mr. Burgess explained, finds it necessary to return to his position as Vice-President of the Chase National Bank.

In announcing the appointment, Mr. Burgess stated that the Committee was fortunate in obtaining the services of Mr. Bower. He praised highly the work performed by the retiring director during the Third War Loan Drive. Mr. Bower is no newcomer to War Bond activities, having served as executive officer of Bank Dealer Team No. 7, which was headed by the Chemical Bank, during the recently terminated campaign.

In addition to his activities in the banking field, having served with the Chemical Bank & Trust Co. for the past 15 years, Mr. Bower has been a leading figure in public affairs.

Mr. Bowers served as Manager of the General Business Department of the Alien Property Custodian during World War I. Later at the request of the War Industry Board, he headed the Standard Aircraft Co.

He is a Director of the Commercial Investment Trust, the Safety Car Heating and Lighting Co., and is President of the Detroit International Bridge Co., in which position he was greatly responsible for the completion of the Detroit-Canadian Bridge. Mr. Bower was decorated in November, 1938, by the King of Belgium as First Officer of the Order of the Crown, in recognition of his work in arranging for a steamship line having direct access to Belgium.

Mr. Burgess expressed his appreciation of Mr. Black's successful administration of the Banking and Investment Division and his supervision of the work of the Bank Dealer Teams, which raised a substantial portion of the total New York City share of the Third War Loan and which made almost twice as many sales as in the Second War Loan.

Redeem Part Of French 7s

J. P. Morgan & Co. Inc., as sinking fund administrators, on October 16 notified holders of the Government of the French Republic external loan of 1924 25-year sinking fund 7% gold bonds due Dec. 1, 1949, issued under loan contract dated Nov. 22, 1924, that $3,994,300 principal amount of these bonds have been drawn by lot for redemption on Dec. 1, 1943 at 105%. The announcement stated:

"The drawn bonds will be redeemed and paid on and after the redemption date, in United States dollars, at the office of the sinking fund administrators, 23 Wall Street, New York City, subject to the receipt of the necessary funds therefor and the issuance of licenses under Executive Order No. 8389, as amended, permitting the disbursement thereof for the purpose, upon presentation and surrender of said bonds and of all appurtenant coupons maturing after such redemption date. Interest will cease on all such drawn bonds after Dec. 1, 1943.

"In order to comply with the decrees of the French Government dated July 16, 1935, and Aug. 25, 1937, the bonds drawn for redemption, and coupons maturing on Dec. 1, 1943, will be redeemed by payment as follows: (a) bonds which are stamped to indicate non-French beneficial ownership will be redeemed at 105% of principal amount without deduction and coupons which are similarly stamped will be paid at the face amount without deduction; (b) bonds which are stamped to indicate French ownership, and unstamped bonds, will be subject to a deduction of 10% of the difference between the issue price and the redemption price (a reduction of 1.1% of the principal amount), when in the ownership, French or foreign, of others than individuals. Coupons which are stamped to indicate French ownership, and unstamped coupons, will be subject to a deduction of 10% of the face amount, when in the ownership, French or foreign, of others than individuals."

Post-War Mobilization Of Small And Large Business Asked By Vice-Pres. Wallace

Vice-President Henry A. Wallace said on Oct. 14, that post-war mobilization of small as well as big business in the manufacture of peace goods will enable the nation to shoulder the huge national debt, according to United Press advices from Washington, on Oct. 14, which went on to say:

Testifying before a Senate Military Affairs Subcommittee on a bill to establish an Office of Scientific and Technical Mobilization, he estimated that a post-war national income of $130,000,000,000—comparable to that in 1929—will be necessary to handle the debt, which may go as high as $300,000,000,000, and that such an income could be maintained if small business is brought to fullest production.

He urged Congress to guard against domination of scientific research by large corporations and cartels which, he said, are already barring small business men from much industrial development, and to continue government financing of research after the war.

"Free private enterprise will be shackled and restrained if research is dominated by a small number of large corporations and cartels," he asserted. "Small business cannot support the large and costly laboratories necessary for modern industrial development."

He proposed that the Government:

1. Establish a Federal central technical authority to coordinate increasing Government activities in scientific fields.

2. Provide full access to every business and institution to all patents and research findings developed at Government expense.

3. Establish technical information centers in each State to meet particularly the needs of small business.

4. Keep enemy patents seized by the Alien Property Custodian and make them available to all business.

"When the veil of secrecy imposed by war is lifted," he said, "our people will stand amazed at the array of inventions. A new world is being fashioned in our laboratories."

He warned that this nation's post-war reconversion job will be more difficult than Great Britain's and quoted John Maynard Keynes, author of the British post-war international monetary stabilization plan, as saying United States war conversion was "a greater industrial upheaval," increasing production 30 to 40% as compared to England's 15% and absorbing 9,000,000 unemployed.

FDR Assails Argentine Ban On Jewish Press; Suspension Lifted

President Roosevelt on October 15 criticized the Argentine Government for suspending publication of Jewish newspapers, expressing "apprehension at the taking in this hemisphere of action obviously anti-Semitic in nature and of a character so closely identified with the most repugnant features of Nazi doctrine." The President added in a formal statement that he "believed this feeling was shared by the people of the United States and of the other American republics."

A few hours after the President's comment, it was announced in Buenos Aires that newspapers printed in Yiddish and Russian were permitted to resume publication but that they must in the future publish a concurrent Spanish translation of their editorials. Jewish newspapers printed in Spanish were not affected by the suspension, it was reported.

The text of the President's statement follows:

"I have been informed that the Argentine Government has suspended the publication of Jewish newspapers, some of which have been in existence for many years.

"While this matter is, of course, one which concerns primarily the Argentine Government and people, I cannot forbear to give expression to my own feeling of apprehension at the taking in this hemisphere of action obviously anti-Semitic in nature and of a character so closely identified with the most repugnant features of Nazi doctrine. I believe that this feeling is shared by the people of the United States and by the people of the other American republics.

"In this connection I recall that one of the resolutions adopted at the Eighth International Conference of American States at Lima in 1938 set forth that 'any persecution on account of racial or religious motives which makes it impossible for a group of human beings to live decently is contrary to the political and juridical system of America.'"

Government Operation Of Coal Mines Terminated

Harold L. Ickes, Federal Coal Mines Administrator, on October 12 announced the termination of Government possession of the 1,700 mines remaining under his control, and that he would immediately liquidate the Coal Mines Administration which was established last July to administer the affairs of the mines under Government control.

The Administrator's action, the announcement said, was taken under provisions of the War Labor Disputes Act (Smith-Connally) and completes the return to private control of all mines taken over May 1, 1943, under a Presidential executive order.

"We are now out of the coal mining business," Administrator Ickes said. "We are grateful that sufficient progress has been made in restoring the mines as nearly as possible to normal productive efficiency, all things considered, thus allowing us to terminate this emergency function and wind up the affairs of the Coal Mines Administration."

Approximately 3,300 mines were taken over by the Federal Coal Mines Administrator on May 1 after production had stopped following failure of miners and operators to agree to terms of a new wage contract. Prior to the order of October 12, approximately 1,300 of these mines had been turned back, the first group having been restored to control of their owners on August 20.

Wildcat Strikes in Alabama and Indiana

Following termination of Government operation of the mines, more than half of the coal mines in Alabama became idle on Oct. 14 because of wildcat strikes which spread throughout that State's soft coal fields, an Associated Press dispatch from Birmingham, Ala., says. About 25,000 men are said to be employed in all the State's mines. These strikes quickly spread, and by Oct. 16 about 22,000 were out in Alabama and about 3,500 struck in Indiana. The strikers were urged by John L. Lewis, President of the United Mine Workers of America, to return to work on Monday, Oct. 18, when a slow back-to-work movement began. The walkouts were said to be a protest against working for private owners without a contract.

In telegrams sent to local unions in Alabama and Indiana, Mr. Lewis said he had definite assurance that the National War Labor Board would rule on the "pending contract" this week. This is a tentative wage pact between the United Mine Workers and the Illinois Coal Operators Association which calls for revision of the historical method of figuring the miner's time on the basis of time actually spent at the coal seam. It would make the work day for underground workers 8½ hours, including all time required in traveling from the portal of the mine at the beginning of the shift until the miners emerged at the end of the shift. The wage rate, now $7 for a seven-hour day, would be straight time for the first 40 hours of the week and time-and-one-half thereafter.

Resumption Of Trading In Coffee Futures Opposed By Committee

The special committee of the New York Coffee and Sugar Exchange which has been studying the question of resuming trading in coffee futures reported on October 8 that it could not recommend a resumption of trading at this time. According to the New York "Journal of Commerce," Chandler A. Mackey, Chairman of the Committee, issued the following statement:

"Our Committee has held conferences with Exchange members engaged in the importation and distribution of coffee and a majority of this group feel that current conditions make an immediate resumption of trading inadvisable. These members engaged in the coffee business feel that there should be further study of conditions now confronting the Exchange such as transportation, storage and other factors of a more technical nature.

"In addition, there have been several suggestions by Exchange members which, if adopted, would require adjustments in the contracts used by the Exchange as well as amendments to its by-laws. The Committee is now studying these suggestions and will report their findings and recommendations to the Board of Managers as soon as they have finished their deliberations.

"The Committee believes that as soon as practical, trading in coffee should be resumed on the Exchange, as it is obvious that trading facilities are now and will be needed by the coffee industry. We will continue our work in the hope that we may overcome some of the technicalities which now prevent an immediate resumption of trading."

October 1 Cotton Report

A United States cotton crop of 11,478,000 bales is forecast by the Crop Reporting Board of the United States Department of Agriculture, based on information as of Oct. 1, 1943. This is a decrease of 201,000 bales, or 1.7% from the forecast as of Sept. 1, and compares with 12,824,000 bales in 1942 and 12,474,000 bales, the 10-year (1932-41) average. The indicated yield per acre for the United States of 254.2 pounds compares with the record yield of 272.5 pounds in 1942 and 217.0 pounds the 10-year average.

The droughty situation which prevailed throughout a large portion of the Cotton Belt during July and August was relieved during early September, but this relief came too late to improve cotton crop prospects. The drought resulted in slightly more deterioration than was evident a month ago. In some areas actual loss of lint resulted from excessive rainfall on cotton after the bolls opened. A reduction from Sept. 1 of 60,000 bales is estimated for Mississippi and 50,000 for Texas. North Carolina is down 40,000 bales, South Carolina 30,000, and Tennessee 20,000. In Alabama, Louisiana, and California the crop is turning out slightly better than was indicated a month ago. In other States only minor changes are indicated.

Six-Year Term For President & Congressmen Proposed In Bill Offered By Sen. O'Daniel

Legislation proposing an amendment to the Constitution limiting the tenure of the President, Vice-President and members of Congress to a single six-year term was introduced in the Senate on Oct. 14 by Senator O'Daniel (Dem., Tex.).

The measure, which would require a two-thirds vote of both the Senate and the House, and ratification by three-fourths of the 48 States within seven years, also provides that no Senator or Representative or Federal Judge shall be eligible for appointment to any Federal office within five years of the time when the individual concerned held the position of Senator, Representative or judge. It would not prohibit the renaming of a judge to another Federal judgeship.

According to Washington advices Oct. 14 to the New York "Times," Senator O'Daniel said he would try to have hearings upon his measure "right away." The "Times" advices also quoted him as saying:

"I think almost everybody outside of Government circles will want such an amendment adopted. At least this is indicated by my mail. If it is good to limit the tenure of the President and Vice President to a single six-year term, it is good to restrict the service of members of Congress to the same number of years. It is the coalitions between the Executive and legislative departments that do the harm. We shouldn't be selfish about this thing."

Krepps Re-Appointed

John F. Krepps, President of the Home Savings Bank of White Plains, has been re-appointed a Trustee of the Savings Banks Retirement System for a term of three years by Myron S. Short, Executive Vice-President of the Buffalo Savings Bank and President of the Savings Banks Association of the State of New York. Mr. Krepps, whose bank is a participant in the Retirement System, has been a Trustee since the inception of the plan on May 1, 1941, and is now serving as a member of the Executive Committee and as Chairman of the Retirement System's Investment Committee. He was also actively identified with the several Association committees in studying pension plans and working out the details of the present Retirement System available to savings banks and savings banks employees.

Pulpwood Ceiling Prices

Pulpwood produced in Indiana, Illinois and Missouri was brought under price control for the first time by the Office of Price Administration on Oct. 14, with the establishment of dollar-and-cent ceilings for producers and dealers at highest prices prevailing during July, 1943.

At the same time, dollar-and-cent ceilings were established by the OPA for pulpwood produced in Pennsylvania, Maryland, West Virginia, Ohio and Kentucky, replacing "freeze" ceilings in effect in these States during recent months. In its announcement, the OPA further stated:

"In the four former States pulpwood prices were first brought under price control on June 22, 1943, at each seller's highest prices during the period June 13 to 18, 1943; while in Kentucky prices were frozen on March 5, 1943, at each seller's highest prices in the period Feb. 27 to March 4, 1943.

"General levels of prices charged in recent months in all eight States will continue in effect under the new spelled-out ceilings, as the base periods of the earlier freeze are used in computing the ceilings for the States other than Indiana, Illinois and Missouri, while in these three States the July, 1943, prices have continued in effect. Unduly low and high prices caught by the "freeze" action will be ironed out by the uniform ceilings established at the general average.

"OPA pointed out that while the Emergency Price Control Act requires that consideration be given to levels prevailing between Oct. 1 and 15, 1941, increasing costs of producing pulpwood since October, 1941, together with the need for maintaining production of this vital commodity, make this period inapplicable and impracticable as a base in establishing pulpwood prices in these eight States."

Britain Granted Bases In Azores—U. S. Can Use Facilities

The Portuguese Government has granted Great Britain's request for the use of bases in the Azores, Prime Minister Churchill announced in the House of Commons on October 12.

The new facilities, Mr. Churchill said, "will enable better protection to be provided for merchant shipping in the Atlantic." The agreement, which is temporary in nature, arises out of an Anglo-Portuguese treaty dating back to the 14th Century. Under the arrangements, the use of the Azores' facilities by British forces will terminate at the end of hostilities and nothing in the agreement, it is stated, affects the continued desire of the Portuguese Government to continue its policy of neutrality on the European mainland.

In Washington, President Roosevelt said on October 12 that the United States and other United Nations could use the Portuguese bases and British facilities in the Azores in emergency cases to protect lives and shipping. Mr. Roosevelt disclosed that he and Mr. Churchill had decided at their conference in Washington last May to seek the Portuguese Government's consent to use the bases. He added that both the United States and Britain had given assurances to Portugal that they had no desire to take over the Azores. The President further explained that the United States would have joined with Britain in seeking the agreement had it not been for the ancient Anglo-Portuguese alliance.

In a brief announcement, the State Department said that "the United States Government has been informed and has approved the arrangements."

Rubber Division Of Chemical Society Elects

Dr. Harold Gray, technical supervisor of the tire division of the B. F. Goodrich Co., Akron, Ohio, has been elected Chairman of the Rubber Division of the American Chemical Society for the year 1943-44. He succeeds Dr. John T. Blake, chief chemist of the Simplex Wire & Cable Co., Cambridge, Mass. Dr. W. A. Gibbons of the United States Rubber Co., New York City, has been chosen Vice-Chairman. Dr. H. I. Cramer of Sharples Chemicals, Inc., Philadelphia, continues as Secretary, and Dr. C. W. Christensen of the Monsanto Chemical Co., Akron, Ohio, as Treasurer. The following directors have been elected: Dr. George Haslam of the New Jersey Zinc Co., New York City; Dr. Arthur Mellen of the Lee Tire & Rubber Co., Conshohocken, Pa.; and Dr. Harvey Doering of the Ford Motor Co., Dearborn, Mich.

War Adjustment Unit Being Set Up In OWM

To Deal With War And Post-War Matters

President Roosevelt disclosed on Oct. 15 that a new unit is being set up in the Office of War Mobilization to deal with war and post-war adjustment problems concerning termination and revision of war contracts and to develop unified programs and policies for government agencies. The work is going forward under the direction of James F. Byrnes, Director of War Mobilization.

The President's statement follows:

"At my suggestion, Justice Byrnes, Director of War Mobilization, yesterday met with heads of various agencies concerned with the problems of terminating or revising war contracts in light of the changing demands of our war strategy. The War and Navy departments are now in the process of revising more than 8,000 contracts involving several billions of dollars.

"It is planned to set up within the Office of War Mobilization a unit to deal with war and post-war adjustment problems and to develop unified programs and policies to be pursued by the various agencies of Government concerned. The unit will study and consider the whole range of problems which will ultimately arise out of the termination of war contracts, including the problems of reconversion and disposition of plants and property no longer required for war use.

"The work has deliberately been placed within the Office of War Mabolization to insure that such reshaping of our war program as may be required will be carried through with a view to increasing the effectiveness of our war effort. While we must prepare for necessary post-war adjustments, this preparation must not interfere with the long and hard war programs which are still ahead of us."

September Business Failures At Low Level

September business failures are lower in both number and liabilities involved than in August and in September a year ago. Business insolvencies in September, according to Dun & Bradstreet, Inc., totaled only 124 and involved $1,488,000 liabilities as compared with 227 involving $2,905,000 in August and 556 involving $5,473,000 in September, 1942.

The decrease in the number of failures and liabilities in September from August and a year ago took place in all of the divisions of trade that the report is divided into.

Manufacturing failures last month numbered 26, involving $504,000 liabilities, compared with 33 in August with $913,000 liabilities. Wholesale failures decreased to nine with $190,000 liabilities, from 28 with $435,000 liabilities in August. In the retail trade section insolvencies fell to 64 from 120 in August and liabilities dropped to $501,000 from $786,000 the previous month. Construction failures numbered 18 with $159,000 liabilities, which compares with 31 with $477,000 liabilities in August. Commercial service failures amounted to seven in September as compared with 15 in August and liabilities $134,000 in September and $264,000 in August.

When the country is divided into Federal Reserve Districts it is seen that all districts had fewer failures in September than in August, except the Atlanta, Minneapolis, Kansas City, and Dallas Reserve Districts. The Atlanta Reserve District had only two failures in September compared with none in August, and the Kansas City Reserve District had four compared with none, while the Minneapolis Reserve District had one failure last month compared with one in August, and the Dallas Reserve District had none, the same as a month ago. When the amount of liabilities is considered, the Atlanta, Chicago, Minneapolis and Kansas City Reserve Districts had more liabilities involved in September then in August, while the Dallas Reserve District did not have any, and all of the other districts had less than in August.

Dr. Aydelotte Refutes Charges Made Against Rhodes Scholars

Reporting the Chicago "Tribune" as having been taken to task by Dr. Frank Aydelotte, Director of the Institute for Advanced Study at Princeton, N. J., and American Secretary of the Rhodes Trustees, for a series of editorials said to accuse Rhodes scholars of plotting to repeal the Declaration of Independence and return the United States to its former position as a British colony, a special dispatch from Princeton, to the New York "Times" on October 17, went on to say:

"Dr. Aydelotte also criticized Representative Clare Hoffman of Michigan for remarks he has made about Americans who have studied at Oxford under the scholarship program.

"Dr. Aydelotte said 'the attack on American Rhodes scholars as alien agents subsidized by foreign money' was an old and false story that was first circulated by George Sylvester Viereck in 1916 in his propaganda to discourage the United States from protecting its rights on the high seas and mobilize pro-German sentiment.

"Dr. Aydelotte said the 'traitors' Colonel McCormick was seeking to 'expose' included a long list of college presidents and professors, heads of theological seminaries and pastors of prominent churches and men prominent in many other walks of life, and 'last, but not least, 250 members of the armed forces of the United States, whom the "Tribune" is careful not to mention.'

"He said there was an association of Rhodes scholars, but they 'have jealously refused to allow it at any time in its history to express an opinion, by no matter how large a majority, on any political subject.'"

Sept. Cotton Consumption

The Census Bureau at Washington on Oct. 14 issued its report showing cotton consumed in the United States, cotton on hand, active cotton spindles for the month of September.

In the month of September, 1943, cotton consumed amounted to 872,109 bales of lint and 110,640 bales of linters, as compared with 842,260 bales of lint and 108,166 bales of linters in August, 1943, and with 959,732 bales of lint and 114,954 bales of linters in September, 1942.

In the two months ending with September 30, cotton consumption was 1,714,369 bales of lint and 218,806 bales of linters, against 1,884,647 bales of lint and 237,695 bales of linters in the same two months a year ago.

There were 1,930,298 bales of lint and 440,391 bales of linters on hand in the consuming establishments on Sept. 30, 1943, which compares with 1,928,808 bales of lint and 456,335 bales of linters on Aug. 31, 1943, and with 1,786,153 bales of lint and 335,311 bales of linters on Sept. 30, 1942.

On hand in public storage and at compresses on Sept. 30, 1943, there were 10,432,611 bales of lint and 40,422 bales of linters, compared with 8,026,906 bales of lint and 44,430 bales of linters on Aug. 31, 1943, and with 9,713,415 bales of lint and 71,277 bales of linters on Sept. 30, 1942.

There were 22,631,338 cotton spindles active during September, 1943, which compares with 22,632,776 active cotton spindles during August, 1943, and with 22,988,254 active cotton spindles during September 1942.

August Income Payments Total $11.6 Billion

Income payments to individuals in August are estimated at $11,658,000,000, 22% higher than in the same month of last year, Secretary of Commerce Jones announced on Oct. 8, according to advices to the New York "Journal of Commerce" from its Washington bureau, which further stated:

"The August total is slightly less than the $11,748,000,000 paid out in July, but the decline results mainly from the usual July-August drop in dividend and interest disbursements. After allowance for this and other seasonal influences, the Commerce Department's index of total income payments advanced from 213.1 (revised) in July to the new high of 215.3 in August (1935-39 average equalling 100). This advance is attributable chiefly to sharp increases in the pay of the armed forces, wages and salaries paid out by manufacturing establishments engaged in war production, and net income of farm operators. The rise in farm income reflects a 4% increase in the Department of Agriculture's index (seasonally adjusted) of cash income from marketing of crops and live stock—the first such increase since April of this year.

Income payments to individuals totaled $90,524,000,000 in the first eight months of the year—26% greater than the $71,905,000,000 paid out in the same period of 1942. More than four-fifths of the pronounced rise in individuals' incomes over the year may be traced to three branches of the income stream: wages and salaries in manufacturing, Federal Government pay rolls (including pay of the armed forces), and net income of farm operators. These three components constituted only two-fifths of total income in the January-August period of 1942.

French Group Pays U. S. For Lend-Lease Supplies

The French Committee for National Liberation on Oct. 1 delivered a check to the U. S. Government for $16,340,000, in further payment for civilian supplies shipped to North Africa under the Lend-Lease Act.

Henri Hoppenot, newly-appointed delegate of the Committee to the United States, presented the check to Edward R. Stettinius, Jr., Lend-Lease Administrator, recently nominated by President to be Under-Secretary of State. The payment, the third of its kind since the liberation of North Africa, brings the total paid to $41,340,000. The announcement in the matter further says:

"The amount represents full reimbursement to the Lend-Lease Administration for its expenses in purchasing and shipping 150,000-odd tons of supplies to North Africa through April. Further payments will be made as soon as bills are rendered by the United States for the 100,000-odd tons shipped since that date.

"The check was delivered in accordance with provisions of the Lend-Lease Reciprocal Aid agreement which has just been signed at Algiers by Robert Murphy, United States Minister, and Jean Monnet and Rene Massigli of the French Committee for National Liberation. Under this agreement each party has undertaken to provide the other with all military and civilian supplies and services required by the other for the prosecution of the common war effort. Military supplies and services will be furnished on a straight lend-lease and reverse lend-lease basis. Civilian supplies and services will be paid for in cash. Such cash payment by the French Committee is possible because of their presently strong financial condition."

Turkish Newspaper Assails Allies For Giving Italy Co-Belligerent Status

A gloomy view of future peace, after the Allies had granted co-belligerent status to Italy, was expressed by the Turkish newspaper "Tan," said an Associated Press dispatch from Istanbul, on Oct. 16, which also said:

"It is not easy to reconcile the Allied actions in extending to Italy hope for her African and Mediterranean colonies with Allied principles, because Italy in the last few years has caused the blood of hundreds of thousands to flow to further imperialistic aims," "Tan" said. . . . "The Allies lost the peace in the last war because they sacrificed ideals to the old game of diplomacy. The fact that they now show the same tendency is a bad sign for humanity as well as for themselves."

Other Turkish newspapers predicted that the Allies will get as little assistance from the Badoglio government as the Germans are getting from Benito Mussolini's puppet regime in northern Italy.

Lend-Lease Pact Signed With French Committee

A formal lend-lease agreement between the United States and the French Committee of National Liberation was signed in Algiers, French North Africa, on Sept. 25.

The pact, the aim of which was described as permitting a maximum mutual aid between the two countries without being hampered by immediate financial considerations, was signed by Robert D. Murphy, American Minister, and Rene Massigli and Jean Monnet, Foreign Affairs and Armament Commissioners, respectively, for the French Committee.

United Press Algiers advices of Sept. 25, as given in the New York "Herald-Tribune" added:

"The arrangement, contemplating the removal of American troops from North Africa, provides for the elimination of reciprocal services at any time on the decision of the President of the United States, and that lend-lease supplies may be recalled if they are needed for other war theaters or for the defense of the United States or the Western Hemisphere.

"The agreement also distinguishes between military and civilian supplies, requiring that civilian goods sent into French Africa must be paid for in dollars, while civilian merchandise exported from Africa to the United States is to be paid for in francs. It explained that the payment in dollars was provided for because of a special situation arising from the accumulation of dollar balances and the availability of dollar funds due to the presence of American troops in French Africa, and the pact added that "the revision of payment provisions will be made should the situation require."

"The French, as their lend-lease contribution, are to provide military equipment, munitions, military and naval stores and other supplies and services for the United States forces, including the use of railroads and port facilities, although not required to provide pay and allowances or administrative expenses of American missions. The French also are to supply necessary material and services, except for wages, needed in military constructions to the extent that North Africa is a practicable source of such supplies and facilities."

Mertzke Named Research Head Of Jos. A. Hicks

Arthur John Mertzke has been appointed research director and account executive on the staff of Jos. W. Hicks, Chicago, public relations and industrial relations counsel. Mr. Mertzke has had wide experience in the field of economic research. From 1927 to 1931 he was Director of Research of the National Association of Real Estate Boards in Chicago; later he served as research economist with the Hoover Conference on Home Building and Home Ownership, as economic analyst with the United States Bureau of Standards, and as economist of the Federal Home Loan Bank Board in Washington, D. C. For the past nine years Mr. Mertzke has been a resident of New York City, where he was associated with National Property Appraisal Service, Inc., and more recently was a member of the editorial staff of Standard & Poor's Corp., business analysts. For a number of years he was a special lecturer in economics at New York University in New York City and at Cornell University in Ithaca, N. Y.

Sept. War Expenditures Were $7.2 Billions

War expenditures by the United States Government in September amounted to $7,212,000,000, a decrease of 4% from August, or $317,000,000, the War Production Board announced on Oct. 14. The announcement added:

"The average daily rate of expenditures in September was $277,400,000, a decrease of $12,200,000 in average expenditures per day compared to August and an increase of $27,500,000 per day compared to July. The daily rate is based on the 26 days in September and August and the 27 days in July on which checks were cleared by the Treasury.

"From July 1, 1940, through Sept. 30, 1943, the United States Government had expended $131,000,000,000 for war purposes.

"These figures include checks cleared by the Treasury and payable from war appropriations and net outlays of the Reconstruction Finance Corp. and its subsidiaries for war purposes."

Honor Chile Minister

Joaquin Fernandez, Chilean Foreign Minister, was honored at a luncheon in New York on Sept. 25 given by the Pan American Society.

Mr. Fernandez, had earlier conferred with Secretary of State Hull in Washington incident to a trade treaty between the United States and Chile. After a trip to Canada, he expects to resume his talks with Secretary Hull and then return to Chile stopping off at several Latin-American republics on the way.

Among the guests at the New York luncheon were: Claude G. Bowers, United States Ambassador in Chile; Dr. Rodolfo Michels, Chilean envoy in this country; Dr. Felix Nieto del Rio, Chilean Ambassador at Large; Dr. Rafael Belaunde, Peruvian Ambassador at Large, and Anibal Jara, the Chilean Consul General.

Frederick E. Hasler, President of the Pan-American Society, made the address of welcome.

Stricter Control Of Workers On War-Useful Jobs Made Effective By WMC

Provisions designed to assure the transfer of workers to war jobs and to keep essential workers already on war-useful jobs where they are, were made effective throughout the United States on Oct. 15 by the War Manpower Commission. Reports reaching the Commission on Oct. 14, it was announced, indicate that almost all of the nearly 200 Area Employment Stabilization Plans have been revised to include the minimum standards bringing them into uniformity with the regulation promulgated by the Commission Aug. 16, which was given in our Aug. 19 issue, page 713.

Chairman Paul V. McNutt said there will be no gaps in the blanket plan due to the failure of those in charge of any Area Plan to bring their program into line. The announcement from the Commission Oct. 14 further said:

"He explained that in such cases the rules will be applied under the terms of the Regional Stabilization Plans set up to govern employment situations in localities where no Area Plan has been adopted. One provision in the regulation, it was pointed out, is that no existing program not amended by Oct. 15 shall continue to have operative effect on and after that date, thus placing the responsibility of applying hiring controls temporarily on the Directors of the Regional Plans.

"Mr. McNutt emphasized that the adoption of the minimum provisions does not mean that hiring of workers through the U. S. Employment Service becomes mandatory throughout the country on Oct. 15. Adoption of controlled referral plans of the type now in effect on the West Coast, in Buffalo, Louisville, Kentucky and other areas depends on the degree of the labor shortage in certain localities, and in these areas the Regional and Area War Manpower Directors have the authority to put into effect certain other provisions.

"The objectives of the program are the elimination of turnover in essential activities, reduction of unnecessary labor migration, the directing of labor to places where it is most needed and the bringing about of the maximum utilization of manpower resources.

"The regulation of Aug. 16 was based on a regulation promulgated April 18 regarding the restrictions of transfer of workers. Both regulations grew out of the President's "Hold the Line" order. It had become apparent that to carry out the provisions of the first regulation (No. 4), it would be necessary to revise the Area Employment Stabilization Plans because while they were similar they differed materially in detail. The second regulation (No. 7) called upon the Regional and Area Manpower Directors to adopt certain minimum standards after Oct. 15 after consultation with Management and Labor.

"Chairman McNutt said the standards now adopted are based on the experience of Management and Labor under the many Stabilization Plans. He added that in every case the local WMC Director had adopted them after consultation with his Management-Labor Committee. He added that these uniform standards had become necessary so that Management and Labor throughout the country might know the basic conditions under which job transfers are possible.

"Mr. McNutt emphasized that the standards had been designed to make it possible for both employers and employees to make a more intelligent and efficient contribution to the war effort. He pointed out that an employer will not be required to hire the worker sent to him by the USES; that employers are free to hire or reject workers referred to them by the USES. If, however, the employer rejects the workers arbitrarily or if his hiring specifications are unreasonable, the supply of workers sent to him by the USES may be cut off and his present work force permitted to leave his employ. Such a measure would not be taken, however, until the employer had had a chance to appeal and present his case.

"Nor, the Chairman pointed out, is it obligatory for workers to accept jobs for which they are referred by the USES. But he pointed out that workers who quit essential war work and workers who do not accept suitable jobs in which they can best aid the war effort, may under certain circumstances and for limited periods be denied an opportunity to work in essential jobs.

"With these control provisions now in effect, it was explained that workers last employed in critical occupations may be hired only in jobs to which they are referred by USES and that no employer may hire a worker in a job in one of these occupations unless the worker has been referred to him by that agency. Mr. McNutt expressed the opinion that employers will cooperate in the revised Stabilization Program: (1) By obtaining information when they need it from the USES regarding the controls on hiring and recruitment; (2) by conscientiously urging workers who want to quit essential jobs to stay on the job, and on their own part, do what they can to remove wasteful labor turnover; (3) issue or deny statements of availability in accordance with the terms of the program, and (4) hire and recruit workers only in accordance with the terms of the program.

"The Chairman urged workers who are employed full time at their top skill in work contributing to the war effort to stay on the job. He recommended that workers who feel they can contribute more effectively to the war effort by changing jobs should, however, remain where they are until a decision as to the statement of their availability has been reached, and not go shopping around for a job just to get more money.

"As for the penalties for violation of the terms of the program, it is provided that an employer hiring a worker at a wage higher than he received on his last job may be prosecuted and have to pay a fine of $1,000, spend a year in prison, or both. Furthermore, all wages paid by him to the worker may be disregarded when he computes his costs for tax income purposes, for price increase purposes or for Government contracts. Furthermore, violation of the program may bring about the issuance of statements of availability by the USES to all of his workers and refusal to send other workers to him. Action may also be taken through other Government agencies.

"The worker who accepts a job at higher pay in violation of the Stabilization Program is subject to the same penalties as may be applied to the employer who hired him. Furthermore, if he accepts a job in violation of the Stabilization Program, whether or not at a higher rate of pay, he may lose that job and may not get another for 60 days.

The minimum standards put into effect Oct. 15 by the War Manpower Board contain the following provisions:

"1. A new employee who during the preceding 60-day period was engaged in an essential or locally needed activity may be hired only if his hiring would aid in the effective prosecution of the war. Such hiring shall be considered as 'aid in the effective prosecution of the war' only if: (a) The individual is hired to work in an essential or locally needed activity or for work to which he has been referred by the USES, and (b) he presents a statement of availability from his last employment in an essential or locally needed activity or is referred by the USES or is hired with its consent.

"2. A statement of availability should be issued by the employer if: (a) The worker has been discharged or his employment otherwise terminated by his employer, or (b) he has been laid off for an indefinite period or a period of seven days or more, or (c) continuance of his employment would involve undue hardship, or (d) such employment is, or was, at a wage or salary or under working conditions below standards established by State or Federal law regulation, or (e) such employment is, or was, at a wage or salary below a level approved by the National War Labor Board (or other agency authorized to adjust wages), as warranting adjustment and the employer has failed to adjust the wage in accordance with such level or to apply to the appropriate agency for such adjustment or approval.

"3. Provision for issuance of statements of availability by the USES: (a) If the employer fails or refuses to issue a statement, the USES shall issue one upon finding that the individual is entitled to it. (b) The USES shall issue a statement of availability to any individual in the employ of an employer who the War Manpower Commission finds has not complied with any War Manpower Commission Stabilization Program, regulation or policy and for so long as such an employer continues his non-compliance after such finding.

"4. Referral in case of underutilization. If it is found that an individual is employed at less than full time, or at a job that does not utilize his highest recognized skill for which there is a war need, the USES upon his request will refer him to other available employment in which it finds that he will be more fully utilized.

"5. A new employee may not be hired solely upon presentation of a statement of availability but may be hired only by referral by or in accordance with arrangements with the USES when: (a) He is to be hired for work in a critical occupation or his statement of availability states that he was in a critical occupation. (b) A new employee has not lived or worked in a locality throughout the new employment 30-day period. (c) His last regular employment was in agriculture and was to be hired for non-agricultural work provided that no such individual shall be referred to non-agricultural work except with consultation with the designated representative of the War Food Administration and that he may be hired for non-agricultural work for a period not to exceed six weeks without referral or presentation of his statement of availability.

"The Regional and Area Manpower Directors were given authority to include in their Stabilization Programs certain provisions for the hiring of individuals upon referral by or in accordance with arrangements made by USES so long as these provisions do not conflict with these specified in the over-all regulation promulgated at Washington. This action, Chairman McNutt explained, was in recognition of local situations which might call for special treatment such as have developed on the West Coast and in a few localities where the labor problem has become particularly acute.

"The regulation is flexible enough to permit this channeling of workers through the Employment Service to be adapted for relatively small groups of workers in shortage occupations or to extend to the point where all workers must be hired only through the USES. An additional element of flexibility is provided through provisions stating that hiring channels other than the Employment Service may be used when they meet approved standards."

The original regulations were given on page 1497 of the issue of April 22, 1943, of the "Chronicle."

Johnston Of U. S. Chamber Of Commerce Urged As Republican Presidential Candidate

Formation of a committe to bring about the Republican Presidential nomination for Eric Johnston, President of the Chamber of Commerce of the United States, was announced in Chicago on Oct. 13 by Deneen A. Watson, Chairman of the Republican Post-War Policy Association, which, it is stated, is practically inactive.

Mr. Johnston, who had previously announced that he was not a candidate for any public office, reiterated this statement at Fort Worth, Texas, on Oct. 13, when he was quoted as saying in an interview:

"I am not a candidate for any public office. I do not want to live at either end of Pennsylvania Avenue. I prefer to live at either end of Main Street of any good American town."

However, Mr. Watson said that he was organizing a group in every State "to urge" Mr. Johnston "to be a candidate for President." Indicating this, special advices Oct. 13 from Chicago to the New York "Herald Tribune" said:

In a telegram to Mr. Johnston, Mr. Watson said, in part: "I have made a careful survey all over the country and I am convinced that you are the man the Republican party should nominate and elect as our next President. . . . I have contacted scores of Republican leaders throughout the country and they approve 100%. You can win the nomination and election."

From the same advices to the "Herald Tribune" we also quote:

Mr. Johnston's first statement last week regarding the Presidency was prompted by a request made by Dr. Frank B. Robinson, of Moscow, Idaho, that he become a candidate.

Mr. Johnston is 46 years old. He was elected President of the Chamber of Commerce in 1942 and re-elected this year. In that office he has won the praise of President Roosevelt and military and business leaders. He ran for Senate nomination in his home State in 1940 in his lone political effort and finished second in a five-cornered contest. In the World War he was a Marine captain. He headed several enterprises in his home town before taking over the Chamber office.

Mr. Watson, a young Chicago lawyer, organized the Republican Post-War Policy Association early this year. Regional meetings were held throughout the country. The association has been almost inactive since the Republican Post-War Advisory Council adopted resolutions at its Mackinac Island, Mich., meeting in September approving cooperation by the United States in international affairs after the war.

Appointed TO ABA Commerce Marine Div.

H. D. Ivey, President of the Citizens National Trust & Savings Bank of Los Angeles, has been named a member of the Commerce & Marine Commission of the American Bankers Association for the term expiring 1946, according to A. L. M. Wiggins, ABA President.

Mr. Wiggins also announced the appointment of the following to the Commission for the same term: Chairman, Frank I. Kent, Director of the Bankers Trust Co., New York; Earl W. Delano, President of the Allegan State Bank, Allegan, Mich.; Henry J. Nichols, Vice-President of the National Shawmut Bank, Boston, and L. W. Smith, President of the Union National Bank, Pittsburgh.

To Subsidize Lunches In N. Y. High Schools

Miss Grace Helene Miller, acting supervisor of high school and vocational lunchrooms, announced on Oct. 14, that through a subsidy of the Federal Food Administration, nourishing lunches will be available for city high school students at 17 cents each, or free if the student cannot afford to pay, according to the New York "Herald Tribune" of Oct. 15, which also had the following to say:

"The lunchroom program is to be financed in part by a $2,000,000 grant which the city will receive as its share of a $50,000,000 nationwide subsidy of the Federal Food Administration. It is known as the community school-lunch program, and its aim is to provide balanced lunches for pupils in parochial and private as well as public schools.

* * *

"When the program is fully under way, it is expected that 60,000 to 65,000 meals will be served daily in more than 700 public and parochial schools in the city.

"Miss Miller said yesterday at the Board of Education office, 110 Livingston Street, Brooklyn, that she hoped that some of the high schools, junior high schools and vocational schools which have their own cafeterias will be able to start on the community school-lunch program next week. These schools now sell lunches but without benefit of Federal subsidy, which is expected to improve on the old school lunch formula.

"The cost of a standard lunch to each pupil in the higher grades, Miss Miller said, will be 15 cents, plus two cents for the cost of a half pint of milk, where the two-cent milk is available. In schools that have not yet been able to get deliveries of milk under the government milk subsidy, the price will be slightly higher.

"Explaining how the subsidy worked, Miss Miller said that for each lunch served that meets the specifications set by the Government the school will receive a subsidy of 7 cents, in addition to the 2-cent subsidy already allowed towards the price of milk sold in the school. This money will go towards meeting the actual cost of the lunch, which will be several pennies more than the 17 cents the students will pay."

Export Freight Handled At New Daily High

There were 134,217 cars of export freight, excluding coal and grain, handled through United States ports in September this year, compared with 80,528 cars in September last year, an increase of 67%, the Association of American Railroads reported on October 11.

Export grain unloaded at the ports totaled 2,842 cars, compared with 1,559 in September, 1942, an increase of 82%.

In addition, the railroads also handled 714 carloads of coastal freight in September this year, compared with 831 in the same month last year, a decrease of 15%.

The total of 137,773 cars of export and coastal freight, excluding coal, handled in September this year through the ports, while slightly less than in August, represented an average daily unloading of 4,592 cars, the highest on record, compared with a previous high of 4,508 in August, 1943, the report concluded.

Steel Production Affected By Coal Mine Walkouts Directives Upset Schedules

"Two events sharing the spotlight currently are the steel industry's determined drive to set a new monthly production peak despite the damaging effect of strikes, and the outbreak of a fierce battle on the Washington front between Government and business over contract cancellation policies," "The Iron Age" states in its issue of today (Oct. 21), further going on to say:

"This week's loss of iron and steel production because of the coal mine walkouts in the South increases the total deficit of such strikes in 1943 to somewhere in the neighborhood of 350,000 tons. Most observers agree that there will be no lasting peace in the coal industry until the wage controversy is settled.

"Although they concede worry over the threatening effect of strikes and manpower shortages and the disturbing fact that the national scrap drive is not proceeding as well as expected, steel executives see the industry in a more comfortable position in several respects. No longer is there a shortage of basic steel, and there is ample alloy steel to suit all needs. Plates and sheets remain tight, but it is expected that relief will come in a few months.

"Indicative of the leeway existing currently in raw steel supplies, Chicago mills have been approached to purchase ingots reported rapidly banking up behind the bottleneck of blooming and slabbing mill limitations in the Pittsburgh and Youngstown districts and have even been urged to accept excess ingots from Southern California.

"In Chicago last week, officials of two major farm equipment manufacturers warned that unless the raw materials and component parts were provided more liberally, fewer farm machines would be produced for the 1944 crop season than were available in the year ending June 30, 1943.

"President Roosevelt announced the creation of a unit within the Office of War Mobilization to deal with the problems of war and post-war adjustment, and said that unified programs and policies for Government agencies will be developed. Meanwhile, it was revealed last week that WPB is thinking about mid-war conversion of industries to a peacetime basis through relaxation of limitation orders in the order of their importance to civilian economy. Not only does WPB think in terms of mid-war, but of post-war according to a report last week made by economists of the Department of Justice to the Senate Special Committee on Post-War Planning."

The American Iron and Steel Institute on October 18 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 100.7% of capacity for the week beginning October 18, compared with 102.2% one week ago, 100.6% one month ago and 101.0% one year ago. The operating rate for the week beginning October 18 is equivalent to 1,755,200 tons of steel ingots and castings, compared to 1,781,300 tons one week ago, 1,753,400 tons one month ago, and 1,727,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on October 18 stated in part as follows:

"Directives on plates and sheets are increasing, with dislocations in some other products to provide extra steel to push production of these flat-rolled products to the limit.

"In some districts much activity centers around these directives and readjustments, with less emphasis on new buying for future delivery. Delivery promises on plates and sheets have become so extended that buyers take little interest in future shipments, due not only to inability of consumers to plan so far ahead but also in many cases to the impossibility of obtaining allotment numbers, even where plans are sufficiently developed to indicate what is needed. Shipments are particularly extended in plates and sheets and in slightly less degree in bars.

"Most sheet producers can offer little on hot and cold-rolled material before late second quarter and others are sold through that period. Tentative offers of plates for April delivery are contingent on schedule changes, but some small tonnages can be taken for March. Carbon bars can be promised for first quarter, while some producers are sold into second quarter.

"Estimated needs of Army and Navy for drum stock for blitz cans for 1944 are 1,500,000 tons, a great increase over 1943 tonnage, a further heavy burden on sheet mills.

"That some large industrial plants engaged in war production, affected by program changes and other factors, are seeking to reduce inventories, including numerous steel products, is apparent from offering of surplus stock to be sold at ceiling prices under current regulations.

"Production of steel ingots and steel for castings in September totaled 7,488,978 net tons, which was the largest output in history for any 30-day month. The average weekly production during September was 1,749,761 tons, which is an all-time high for any week. In September, 1942, output was 7,057,519 tons. New furnaces coming into production account for the increased rate of steelmaking. During September the industry operated at 100.4% of rated capacity, the highest since the outbreak of the war.

"While melters have sufficient scrap for current needs reserves are not being accumulated, though all offerings are being accepted.

"While gray iron foundries are still running below normal, steel and malleable shops are operating at a peak, considerable business having been provided the latter for war purposes. Requests for November iron were about equal to recent months. Foundry stocks in some districts are about 45 days requirements."

Green Again Heads AFL

William Green was reelected President of the American Federation of Labor for his 20th term at the organization's convention in Boston on Oct. 14. In his acceptance speech, according to the Associated Press, Mr. Green forecast a fateful year and said that the Federation would continue to urge that its wayward members return.

"We only ask," he said, "that they come back as they left us, with no additions and complications." He added that the rights of present A. F. of L. affiliates "must and will be protected."

The convention also re-elected George Meany as Secretary-Treasurer and the following Vice-Presidents:

William L. Hutcheson, carpenters; Matthew Woll, photo-engravers; Joseph N. Weber, musicians; G. M. Bugniazet, electrical workers; George M. Harrison, railway clerks; Daniel J. Tobin, teamsters; Harry C. Bates, bricklayers; W. D. Mahon, street and electric railway workers; Felix H. Knight, railway carmen; Edward Flore, hotel and restaurant workers; Harvey W. Brown, machinists; W. C. Birthright, barbers, and W. C. Doherty, letter carriers.

President Replies To Siberia Base Talk

President Roosevelt took issue at his press conference on October 12 with some of the remarks attributed to the Senators who recently returned from a tour of the world's battlefronts. The President was especially critical of the reported statement of Senator Lodge (Rep., Mass.) that a million American lives might be saved if Russia granted Siberian bases for the war against Japan. According to the Associated Press, the President declared that maybe Russia isn't ready to go to war with Japan because she has something more important to do.

She has knocked the Germans down three or four times, the President said, and maybe if she knocks them down three or four times more, they will stay down.

The Associated Press further reported:

"In a lengthy discussion at his news conference, the President said that the net result if the Soviets granted the United States use of Siberian bases at this time might be that the Japanese would move in and take them over. Russia, he observed, would be weakened at a time when she may be getting set to knock the Germans out.

"The President also described as founded on error the criticism by another globe-girdling Senator of shipments of civilian trucks to Australia. This legislator, Senator Brewster (Rep., Maine), was quoted as saying that 30,000 civilian trucks were sent to Australia in a year by lend-lease while 15,000 were alloted to American businessmen. Mr. Roosevelt said that was all wrong. Actually, he said, 21,135 trucks were sent to Australia over two and one-half years, while 750,000 were distributed here. The trucks sent to Australia were civilian in name only, he added, saying over half were commandeered by the Australian Government for direct military purposes. Trucks are especially needed in Australia, he continued, because the railways there are of four different gauges, making transhipments over different lines difficult. And, he declared, every truck which went to Australia was specifically asked by General Douglas MacArthur.

Rayon Shipments Higher

September shipments of rayon filament yarn by American mills to domestic users amounted to 40,400,000 pounds, as compared with 41,400,000 pounds shipped in August and 38,400,000 pounds shipped in September last year, states the "Rayon Organon," published by the Textile Economics Bureau, Inc., New York.

"For the nine months ended Sept. 30, rayon filament yarn shipments aggregated 364,400,000 pounds, an increase of 5%, compared with shipments of 347,900,000 pounds during the corresponding period last year, says the Bureau's announcement which further said:

"Stocks of rayon filament yarn held by domestic producers totaled 7,900,000 pounds on Sept. 30, as compared with 6,500,000 pounds held on Aug. 31, and 8,000,000 pounds held on Sept. 30, 1942.

"September shipments of staple fiber to domestic consumers amounted to 13,700,000 pounds, as against 13,800,000 pounds in August and 12,500,000 pounds in September, 1942. Nine months' shipments aggregated 119,400,000 pounds, an increase of 5%, compared with corresponding 1942 shipments of 113,600,000 pounds.

"Staple fiber stocks held by producers totaled 2,800,000 pounds on Sept. 30, against 3,500,000 pounds held on Aug. 31, 1943, and 4,300,000 pounds held on Sept. 30, 1942."

Four-Power Agreement Urged By Welles To Assure Stable World In Post-War Years

Unless the United States, Great Britain, Russia and China arrive jointly at a clear-cut and specific agreement in the near future upon certain basic principles, the hope of the creation of a stable world in the post-war years must necessarily be all but illusory, Sumner Welles, former Under-Secretary of State, declared on Oct. 16.

In an address before the 25th anniversary luncheon of the Foreign Policy Association at the Waldorf-Astoria Hotel in New York City, Mr. Welles asserted that "no stability, no opportunity for effective social and economic reconstruction can be forecast unless the great armed powers can now agree that they will wholeheartedly cooperate in the spirit and within the framework of the Atlantic Charter after the Axis nations have been forced to defeat."

The proposed four-power agreement, Mr. Welles added, must surely include such cardinal points as the following:

"That they will jointly undertake the task of keeping the peace of the world in the post-war period, in accord with and in conjunction with such other members of the United Nations as are qualified to take part in such endeavor, notably certain of our neighbors of the New World and what we all hope will be the Fourth French Republic; and that they will presently define the nature and method of provision of the armed contribution which each under its own authority will make available for this common undertaking.

"That they will now agree upon the machinery to be set up by common consent which will in the years after the close of the present war provide for progressive reduction of armaments as between themselves, and as among other nations.

"That they will agree upon a common policy of realistic justice to be pursued by them toward Germany and the other conquered Axis powers so as to render these nations permanently incapable of renewing their assault upon civilization and the liberties of independent peoples.

"That they will jointly agree not to take independent action which affects the sovereign rights of any other nation save with the concurrence of the other three powers.

"That they will jointly pledge themselves to further and to perfect, as rapidly as post-war conditions may make possible, the establishment of a universal world organization in which, when it is ultimately established, the proposed agreement between them would be merged."

After the four-power pact is reached, Mr. Welles said the United States should urge the formation of an executive council composed of representatives of the United Nations. He explained that this council "should remain in permanent session, with power to resolve such political or other questions as may be referred to it by the United Nations, and which do not impinge upon the military conduct of the war, involve the right of the powers which are doing the actual fighting to determine freely the military strategy to be pursued, nor impair the provisions of the suggested four-power agreement." Mr. Welles continued:

"To be effective this suggested United Nations executive body should be small in number. I would suggest that it be composed, in addition to delegates of the four major military powers, of representatives elected by the states of each region, and existing associations of states, in a proportion and by a method to be determined by the United Nations.

"This executive council, which would eventually become the executive branch of any perfected international organization, should be granted supervisory jurisdiction over all desirable international agencies such as the International Labor Office or the Food and Agriculture Committee — which may already have been created, and should be also charged with the duty of organizing such further standing agencies as the United Nations may from time to time deem necessary or desirable, and for formulating recommendations for submission to each one of the United Nations covering such fundamental requirements as a World Court and other necessary permanent international bodies.

"I am a convinced believer in the efficacy and in the need for the permanent continuance of the existing inter-American regional system which has been brought into being by the free will of the 21 sovereign American republics.

"In their consideration of the kind of future world organization which will be best calculated to meet the high objectives which the great majority of us are seeking, governments and peoples might well study the desirability of instituting regional systems, conforming in their general pattern to the system evolved by the New World, but all of them coordinated under an executive body of the nature which has been above proposed, representative of every region. In such an organization each region would be primarily responsible for regional peace, and only in the event that a regional conflagration threatened the general peace would wider action become necessary."

The address of Mr. Welles was the first to be made by him as a private citizen since his resignation as Under-Secretary of State, referred to in our issue of Sept. 30, page 1327.

Chemical Society To Hold Dinner Tomorrow

Nearly 1,000 chemists, chemical engineers and industrialists will participate in a dinner meeting of the Society of Chemical Industry at the Waldorf-Astoria in New York tomorrow evening (Oct. 22) when Wallace P. Cohoe, Canadian-born chemist of New York, will be inaugurated as President of the Society, an international organization with headquarters in London. The meeting will be under the patronage of King George VI.

The British Government will be represented by Sir Gerald Campbell, special assistant to Lord Halifax, British ambassador at Washington. Sir Gerald will present the chains of office to Mr. Cohoe and deliver an address. Honorary membership in the Society will be bestowed on Alexei Bach, Soviet biochemist, and Dr. Te-Pang Hou, Chinese industrial chemist. Dr. Wei Tao-Ming, Chinese Ambassador to the United States, will receive the scroll from Mr. Cohoe and present it to Dr. Hou. A representative of the Soviet Embassy will accept the scroll for Dr. Bach, who will not be present because of the pressure of his scientific work in the Soviet Union.

Dr. Foster D. Snell, head of Foster D. Snell, Inc., of Brooklyn, and Chairman of the American Section of the Society, will preside. The inaugural address will be given by Mr. Cohoe.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Oct. 19	120.40	111.25	119.20	116.61	111.44	99.04	103.47	113.89	116.61
18	120.39	111.07	119.20	116.41	111.25	99.04	103.30	113.89	116.80
16	120.31	111.07	119.20	116.61	111.25	99.04	103.30	113.89	116.61
15	120.28	111.07	119.20	116.61	111.25	99.04	103.30	113.89	116.61
14	120.30	110.88	119.00	116.41	111.25	98.73	103.13	114.08	116.61
13	120.38	110.88	119.00	116.41	111.07	98.88	103.13	113.89	116.61
12	STOCK EXCHANGE CLOSED								
11	120.50	110.88	119.00	116.61	111.07	98.73	103.13	113.89	116.61
9	120.56	110.88	119.00	116.41	111.25	98.73	103.13	113.89	116.41
8	120.57	110.88	119.00	116.41	111.25	98.73	103.13	113.89	116.41
7	120.65	110.88	119.00	116.41	111.25	98.73	103.13	113.89	116.41
6	120.66	111.07	119.20	116.41	111.07	98.73	103.13	113.89	116.61
5	120.65	111.07	119.20	116.41	111.25	98.73	103.30	113.89	116.41
4	120.62	110.88	119.00	116.22	111.25	98.73	103.13	113.89	116.41
2	120.62	110.88	119.00	116.22	111.25	98.73	103.13	113.89	116.41
1	120.62	110.88	119.00	116.22	111.07	98.73	103.13	113.89	116.22
Sept. 24	120.55	111.07	119.00	116.41	111.25	98.88	103.30	113.89	116.41
17	120.55	111.07	119.20	116.61	111.07	98.73	103.13	113.70	116.61
10	120.56	111.07	119.20	116.61	111.25	98.88	103.13	113.89	116.80
3	120.30	111.25	119.20	116.80	111.62	98.73	103.30	113.89	117.00
Aug. 27	120.34	111.25	119.20	116.80	111.44	98.88	103.13	112.89	117.20
20	120.20	111.25	119.20	116.80	111.44	99.04	103.30	113.89	117.00
13	120.29	111.25	119.20	116.80	111.62	99.04	103.30	113.89	117.20
6	120.19	111.25	119.20	117.00	111.62	99.04	103.13	114.08	117.20
July 30	120.18	111.44	119.41	117.00	111.62	99.04	103.30	114.08	117.20
Jun 25	120.41	110.70	118.80	116.22	111.07	98.09	102.46	113.70	116.61
May 28	119.82	110.34	118.20	115.82	110.88	97.78	102.30	131.31	115.82
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago Oct. 19, 1942	117.38	107.44	117.00	114.08	108.70	92.50	97.31	111.81	117.40
2 Years ago Oct. 18, 1941	119.23	107.98	118.40	115.43	109.06	91.77	97.16	112.00	116.02

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Oct. 19	1.81	3.10	2.69	2.82	3.09	3.81	3.54	2.96	2.82
18	1.81	3.11	2.69	2.83	3.10	3.81	3.55	2.96	2.81
16	1.82	3.11	2.69	2.82	3.10	3.81	3.55	2.96	2.82
15	1.82	3.11	2.69	2.82	3.10	3.81	3.55	2.96	2.82
14	1.82	3.12	2.70	2.83	3.10	3.83	3.56	2.95	2.82
13	1.81	3.12	2.70	2.83	3.11	3.82	3.56	2.96	2.82
12	STOCK EXCHANGE CLOSED								
11	1.81	3.12	2.70	2.82	3.11	3.83	3.56	2.96	2.82
9	1.80	3.12	2.70	2.83	3.10	3.83	3.56	2.96	2.83
8	1.80	3.12	2.70	2.83	3.10	3.83	3.56	2.96	2.83
7	1.80	3.12	2.70	2.83	3.10	3.83	3.56	2.96	2.83
6	1.79	3.11	2.69	2.83	3.11	3.83	3.56	2.96	2.82
5	1.80	3.11	2.69	2.83	3.10	3.83	3.55	2.96	2.83
4	1.80	3.12	2.70	2.84	3.10	3.83	3.56	2.96	2.83
2	1.80	3.12	2.70	2.84	3.10	3.83	3.56	2.96	2.83
1	1.80	3.12	2.70	2.84	3.11	3.83	3.56	2.96	2.84
Sept. 24	1.80	3.11	2.70	2.83	3.10	3.82	3.55	2.96	2.83
17	1.80	3.11	2.69	2.82	3.11	3.83	3.56	2.97	2.82
10	1.81	3.11	2.69	2.82	3.10	3.82	3.56	2.96	2.81
3	1.83	3.10	2.69	2.81	3.08	3.83	3.55	2.96	2.80
Aug. 27	1.83	3.10	2.69	2.81	3.09	3.82	3.56	2.96	2.79
20	1.84	3.10	2.69	2.81	3.09	3.81	3.55	2.96	2.80
13	1.83	3.10	2.69	2.81	3.08	3.81	3.55	2.96	2.79
6	1.84	3.10	2.69	2.80	3.08	3.81	3.56	2.95	2.79
July 30	1.84	3.09	2.68	2.80	3.08	3.81	3.55	2.95	2.79
Jun 25	1.82	3.13	2.71	2.84	3.11	3.87	3.60	2.97	2.82
May 28	1.88	3.15	2.74	2.86	3.12	3.89	3.61	2.99	2.86
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago Oct. 19, 1942	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
2 Years ago Oct. 18, 1941	1.90	3.28	2.73	2.88	3.22	4.29	3.93	3.06	2.85

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Finished Steel Shipments By Subsidiaries Of U. S. Steel Corporation Off In September

Shipments of finished steel products by subsidiaries of the United States Steel Corporation in September amounted to 1,664,577 net tons, a decrease of 39,712 net tons from the deliveries in August and a drop of 38,993 net tons when compared with shipments totaling 1,703,570 net tons in September of last year.

For the nine months ended Sept. 30, last, shipments totaled 15,069,644 net tons, compared with 15,761,476 net tons in the same period in 1942, a decrease of 691,832 net tons.

In the table below we list the figures by months for various periods since January, 1929:

	1943	1942	1941	1940	1939	1929
January	1,685,993	1,738,893	1,682,454	1,145,592	870,866	1,364,801
February	1,691,592	1,616,587	1,548,451	1,009,256	747,427	1,388,407
March	1,772,397	1,780,938	1,720,366	931,905	845,108	1,605,510
April	1,630,828	1,758,894	1,687,674	907,904	771,752	1,617,302
May	1,706,543	1,834,127	1,745,295	1,084,057	795,689	1,701,874
June	1,552,663	1,774,068	1,668,637	1,209,684	607,562	1,529,241
July	1,660,762	1,765,749	1,666,667	1,296,887	745,364	1,480,008
August	1,704,289	1,788,650	1,753,665	1,455,604	885,636	1,500,281
September	1,664,577	1,703,570	1,664,227	1,392,838	1,086,683	1,262,874
October	------	1,787,501	1,851,279	1,572,408	1,345,855	1,333,385
November	------	1,665,545	1,624,186	1,425,352	1,406,205	1,110,050
December	------	1,849,635	1,846,036	1,544,623	1,443,969	931,744
Total by mos.	------	21,064,157	20,458,937	14,976,110	11,752,116	16,825,477
Yearly adjust.	------	*449,020	*42,333	37,639	*44,865	*12,827
Total	------	20,615,137	20,416,604	15,013,749	11,707,251	16,812,650

*Decrease.

NOTE—The monthly shipments as currently reported during the year 1942, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

National Fertilizer Association Commodity Price Average Advances Fractionally

The wholesale commodity price index, compiled by The National Fertilizer Association and made public on Oct. 18, advanced fractionally in the week ended Oct. 16 to 136.3 from 136.1 in the preceding week. A month ago the index stood at 135.8, and a year ago at 129.6, based on the 1935-1939 average as 100. The Association's report continued as follows:

Higher prices for chickens, cottonseed oil and corn meal were not enough to offset the substantially lower prices for eggs and potatoes, hence the foods group average declined slightly. Advances shown in grains, lambs, and sheep raised the farm products average, but was not quite enough to raise the index, because they were somewhat offset by declining prices in cotton, eggs, and light weight hogs. The textiles index advanced slightly. All other groups remained unchanged.

During the week 14 price series included in the index advanced and 4 declined; in the preceding week there were 9 advances and 5 declines; and in the second preceding week there were 8 advances and 8 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Oct. 16, 1943	Preceding Week Oct. 9, 1943	Month Ago Sept. 18, 1943	Year Ago Oct. 17, 1942
25.3	Foods	140.4	140.5	139.4	132.4
	Fats and Oils	147.2	146.5	146.5	145.9
	Cottonseed Oil	164.7	162.4	162.4	156.1
23.0	Farm Products	158.6	158.6	157.4	141.2
	Cotton	193.6	194.2	193.5	179.7
	Grains	156.3	154.1	152.3	112.2
	Livestock	153.9	154.4	153.2	142.1
17.3	Fuels	122.8	122.8	122.8	119.3
10.8	Miscellaneous commodities	131.4	131.4	131.4	126.7
8.2	Textiles	150.6	150.3	150.5	147.7
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.5	152.5	152.5	151.4
1.3	Chemicals and drugs	127.7	127.7	127.7	120.7
.3	Fertilizer materials	117.7	117.7	117.7	117.3
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	136.3	136.1	135.8	129.6

*Indexes on 1926-1928 base were: Oct. 16, 1943, 106.2; Oct. 9, 1943, 106.0; and Oct. 17, 1942, 101.0.

Civil Engineering Construction Up 93% In Week

Civil engineering construction in continental U. S. totals $72,855,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 93% higher than in the preceding week, but is 54% below the total for the corresponding 1942 week as reported by **Engineering News-Record** on Oct. 14 and which continued as follows:

Private construction reaches the second highest volume recorded this year, and is 454 and 506% higher, respectively, than for a week ago and a year ago. Public work tops last week by 32%, but is 72% below last year.

The current week's volume brings 1943 construction to $2,599,012,000, an average of $63,391,000 for each of the 41 weeks. On the weekly average basis, 1943 volume is 67% lower than the $8,133,308,000 for the 42-week period in 1942. Private construction, $365,143,000, is 25% lower than last year, and public work, $2,233,869,000, is 70% lower when adjusted for the difference in the number of weeks.

Civil engineering construction volumes for the 1942 week, last week and the current week are:

	Oct. 15, 1942	Oct. 7, 1943	Oct. 14, 1943
Total U. S. construction	$157,526,000	$37,784,000	$72,855,000
Private construction	4,963,000	5,440,000	30,113,000
Public construction	152,563,000	32,344,000	42,742,000
State and municipal	8,727,000	3,203,000	4,539,000
Federal	143,836,000	29,141,000	38,203,000

In the classified construction groups, gains over last week are recorded in all classes of work. Increases over the 1942 week are in bridges, industrial and commercial buildings, and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $1,129,000; sewerage, $1,076,000; bridges, $1,981,000; industrial buildings, $15,810,000; commercial building and large-scale private housing $6,150,000; public buildings, $24,038,000; earthwork and drainage, $2,840,000; streets and roads, $3,515,000; and unclassified construction $16,316,000.

New capital for construction purposes totals $3,589,000 for the week, and compares with $342,000 for the 1942 week. The current week's new financing is made up of $2,769,000 in State and municipal bond sales, and $820,000 in corporate security issues. New construction financing for the 41 weeks of 1943, $3,041,566,000, is 67% below the $9,533,420,000 reported for the 42-week period in 1942.

Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on Oct. 11 that reports received from commercial paper dealers show a total of $169,500,000 of open market paper outstanding on Sept. 30, 1943. This was an advance of $13,300,000 from the Aug. 31 total of $156,200,000 but a decline of $112,300,000 from the Sept. 30, 1942 figure of $281,800,000.

Following are the totals for the last two years:

1943—	$	1942—	$
Sep 30	169,500,000	Sep 30	281,800,000
Aug 31	156,200,000	Aug 31	297,200,000
July 31	149,800,000	July 31	305,300,000
Jun 30	143,300,000	Jun 30	315,200,000
May 29	159,600,000	May 29	354,200,000
Apr 30	178,900,000	Apr 30	373,100,000
Mar 31	200,600,000	Mar 31	384,300,000
Feb 27	209,100,000	Feb 28	388,400,000
Jan 30	220,400,000	Jan 31	380,600,000
1942—		1941—	
Dec 31	229,900,000	Dec 31	374,500,000
Nov 30	260,600,000	Nov 29	387,100,000
Oct 31	271,400,000	Oct 31	377,700,000

Hails Yugoslav Air Unit

President Roosevelt took part in ceremonies at Bolling Field, Washington, on October 6, marking the activation of the first Yugoslavian combat unit in the United States Army Air Forces and the dedication of four Liberator bombers. The planes were turned over to the Yugoslav Ambassador, Constantin Fotitch, for transfer soon to the Northwest African Air Force.

The 40 Yugoslav officers and enlisted men, who were trained in the United States, were told by the President, it is learned from Washington advices to the New York "Times" that "always we are comrades in arms," and wished them good luck. The President's further remarks were quoted in the same advices as follows:

"May these planes fulfill their mission under your guidance," he said. "They are built with two great objectives. The first is to drop bombs on our common enemy successfully and at the right points. The second is to deliver to your compatriots in Yugoslavia the much-needed supplies for which they have waited so long—food, medicine — yes, arms and ammunition.

"And so you fare forth on one of the greatest odysseys of this war. I count on you to bear yourselves well. And I am sure you will have every success in this great mission that you are undertaking."

Sept. Living Cost Up 0.3%

After having declined in July and August, the living costs of wage earners and lower-salaried clerical workers in the United States again turned upward in September, according to the National Industrial Conference Board, which on October 7 stated:

"The Board's index of the cost of living rose 0.3% from August to September, with all items except housing, and fuel and light participating in the increase. Food prices, which had declined 2.9% in July and 0.9% in August, rose 0.5% in September. Clothing, which had shown increases in both July and August, continued its upward trend with a rise of 0.6% in September. Sundries had also continued to rise during July and August, and they again moved up in September with a gain of 0.1%."

The Board's announcement further said:

"Housing and fuel and light remained unchanged in September, as they had done in the two preceding months.

"The Board's index of the cost of living (1923=100) stood at 103.1 in September, as compared with 102.8 in August and 98.8 in September, 1942.

"The level of living costs was 4.4% higher than that of a year ago. Food showed the greatest advance over August, 1942, with an increase of 8.9%. Other advances during the 12 months were: sundries, 2.7%; fuel and light, 2.3%, and clothing, 1.6%. Housing remained unchanged.

"The purchasing power of the dollar, on the basis of 100 cents to the dollar in 1923, which amounted to 97.3 cents in August, declined to 97.0 cents in September. It stood at 101.2 cents in September, 1942."

Moody's Daily Commodity Index

Tuesday, Oct. 12	Holiday
Wednesday, Oct. 13	248.0
Thursday, Oct. 14	248.1
Friday, Oct. 15	248.2
Saturday, Oct. 16	248.1
Monday, Oct. 18	248.2
Tuesday, Oct. 19	248.0
Two weeks ago, Oct. 5	247.4
Month ago, Sept. 18	247.8
Year ago, Oct 19	233.3
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Oct. 9, 1943, is estimated at 12,050,000 net tons, compared with 12,095,000 tons in the preceding week and 11,658,000 tons in the corresponding period of last year. Total estimated output of soft coal to date exceeded that for the same period in 1942 by 1.9%.

The U. S. Bureau of Mines estimated that the total production of Pennsylvania anthracite for the week ended Oct. 9, 1943 was 1,313,000 tons, an increase of 30,000 tons (2.3%) over the preceding week. When compared with the output in the corresponding week of 1942 there was an increase of 147,000 tons or 12.6%. The calendar year 1943 to date shows an increase of 0.5% when compared with the same period of 1942.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Oct. 9, 1943, showed a decrease of 3,100 tons when compared with the output for the week ended Oct. 2, 1943. The quantity of coke from beehive ovens increased 10,400 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL
(In Net Tons—000 Omitted.)

Bituminous coal and lignite—	Week Ended Oct. 9, 1943	*Oct. 2, 1943	Oct. 10, 1942	January 1 to Date †Oct. 9, 1943	Oct. 10, 1942	Oct. 9, 1937
Total, incl. mine fuel	12,050	12,095	11,658	456,675	448,053	342,521
Daily average	2,008	2,016	1,943	1,905	1,887	1,443

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended §Oct. 9, 1943	¶Oct. 2, 1943	Oct. 10, 1942	Cal. Year to Date Oct. 9, 1943	Oct. 10, 1942	Oct. 12, 1929
Penn. anthracite—						
*Total incl. coll. fuel	1,313,000	1,283,000	1,166,000	47,619,000	47,399,000	56,000,000
†Commercial production	1,260,000	1,232,000	1,119,000	45,713,000	45,503,000	51,968,000
By-product coke—						
United States total	1,248,900	1,252,000	1,213,700	49,096,000	48,072,400	‡
Beehive coke—						
United States total	174,900	164,500	166,600	6,149,200	6,434,300	5,366,100

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended Oct. 2 1943	Sep. 25, 1943	Oct. 3, 1942	Oct. 4, 1941	Oct. 2, 1937	Oct. average, ¶1923
Alabama	397	375	363	333	258	398
Alaska	5	5	5	6	5	**
Arkansas and Oklahoma	85	88	96	104	92	88
Colorado	147	153	168	166	164	217
Georgia and North Carolina	1	1	††	1	††	**
Illinois	1,520	1,632	1,270	1,143	1,159	1,558
Indiana	575	574	530	485	407	520
Iowa	40	39	55	54	92	116
Kansas and Missouri	139	142	167	138	135	161
Kentucky—Eastern	972	957	957	990	915	764
Kentucky—Western	302	295	287	213	204	238
Maryland	34	35	33	35	34	35
Michigan	7	5	8	10	16	26
Montana (bituminous and lignite)	96	99	106	81	79	82
New Mexico	35	37	38	22	33	58
North and South Dakota (lignite)	57	51	72	68	61	**36
Ohio	692	695	671	738	552	817
Pennsylvania (bituminous)	2,880	2,876	2,770	2,924	2,330	3,149
Tennessee	140	133	146	156	118	118
Texas (bituminous and lignite)	3	4	8	7	19	26
Utah	124	126	118	113	86	121
Virginia	409	397	389	407	322	231
Washington	28	31	47	43	47	68
*West Virginia—Southern	2,212	2,236	2,192	2,331	1,920	1,488
†West Virginia—Northern	1,002	1,030	925	893	639	805
Wyoming	192	183	183	166	139	184
‡Other Western States	1	1	††	††	††	**4
Total bituminous and lignite	12,095	12,100	11,604	11,627	9,826	11,310
§Pennsylvania anthracite	1,283	1,299	1,235	1,088	1,155	1,968
Total all coal	13,378	13,399	12,839	12,715	10,981	13,278

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Electric Output For Week Ended Oct. 16, 1943, Shows 17.9% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Oct. 16, 1943, was approximately 4,382,268,000 kwh., compared with 3,717,360,000 kwh. in the corresponding week last year, an increase of 17.9%. The output for the week ended Oct. 9, 1943, was 17.3% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended Oct. 16	Oct. 9	Oct. 2	Sept. 25
New England	8.9	8.0	9.3	6.3
Middle Atlantic	18.7	19.7	19.8	18.4
Central Industrial	14.4	13.9	14.5	13.9
West Central	7.3	6.9	9.5	9.2
Southern States	22.2	20.8	22.8	20.0
Rocky Mountain	14.9	15.1	13.0	15.1
Pacific Coast	26.6	24.5	26.9	26.5
Total United States	17.9	17.3	18.4	17.2

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Aug 7	4,240,638	3,637,070	+16.6	3,233,242	1,415,122	1,729,667
Aug 14	4,287,827	3,654,795	+17.3	3,238,160	1,431,910	1,733,110
Aug 21	4,264,825	3,673,717	+16.1	3,230,750	1,436,440	1,750,056
Aug 28	4,322,195	3,639,961	+18.7	3,261,149	1,464,700	1,761,594
Sep 4	4,350,511	3,672,921	+18.4	3,132,954	1,423,977	1,674,588
Sep 11	4,229,262	3,583,408	+18.0	3,322,346	1,476,442	1,806,259
Sep. 18	4,358,512	3,756,922	+16.0	3,273,375	1,490,863	1,792,131
Sep. 25	4,359,610	3,720,254	+17.2	3,273,376	1,499,459	1,777,854
Oct. 2	4,359,003	3,682,794	+18.4	3,330,582	1,506,219	1,819,276
Oct. 9	4,341,754	3,702,299	+17.3	3,355,440	1,507,503	1,806,403
Oct. 16	4,382,268	3,717,360	+17.9	3,313,596	1,528,145	1,798,633

Wholesale Commodity Prices Declined 0.2% During Week Ended Oct. 9, Says Labor Dept.

The U. S. Department of Labor announced on Oct. 14 that a sharp break in livestock prices during the week ended Oct. 9 brought the Bureau of Labor Statistics' index of commodity prices in primary markets down 0.2%. In the past 3 months, the index has fluctuated within a range of less than one-half of 1%. At 102.8% of the 1926 average, it is only 3% higher than at this time last year.

The Department's announcement further stated:

"Farm Products and Foods—Led by a decrease of 1.5% for livestock, average prices for farm products in primary markets dropped 0.7% during the week to the lowest level since March. Hogs and steers declined about 1%; cows, nearly 4%; and sheep, over 5%. Lower prices were also reported for rye, cotton, apples and citrus fruits, and for sweet potatoes and seeds. Higher prices for wheat brought the index for grains up 0.2%. Quotations were higher for eggs.

"Weakening prices for fruits and vegetables accounted for a decline of 0.1% in the foods group index. Prices were higher for rye and wheat flour.

"Industrial Commodities—Quotations for natural gasoline at Oklahoma refineries advanced for the third consecutive week. The movement in prices for building materials was mixed—prices for rosin and turpentine again moved upward and millwork also averaged higher, sand and gravel, on the contrary, declined more than 1%."

The following notation is made:

"During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports."

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for Sept. 11, 1943 and Oct. 10, 1942, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity groups—	10-9 1943	10-2 1943	9-25 1943	9-11 1943	10-10 1942	Percentage changes to Oct. 9, 1943 from— 10-2 1943	9-11 1943	10-10 1942
All commodities	*102.8	*103.0	*102.9	*102.8	99.8	—0.2	0	+ 3.0
Farm products	*122.7	*123.6	*123.8	*123.2	108.9	—0.7	—0.4	+12.7
Foods	104.9	105.0	104.9	104.8	103.3	—0.1	+0.1	+ 1.5
Hides and leather products	118.4	118.4	118.4	118.4	118.4	0	0	0
Textile products	97.0	97.0	97.0	97.0	96.5	0	0	+ 0.5
Fuel and lighting materials	81.8	81.7	81.6	81.7	79.7	+0.1	+0.1	+ 2.6
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.9	0	0	— 0.1
Building materials	112.5	112.5	112.5	112.5	110.5	0	0	+ 1.8
Chemicals and allied products	100.3	100.3	100.2	100.2	96.2	0	+0.1	+ 4.3
Housefurnishing goods	104.2	104.2	104.2	104.2	104.1	0	0	+ 0.1
Miscellaneous commodities	93.1	93.1	92.6	92.6	88.4	0	+0.5	+ 5.3
Raw materials	*112.1	*112.5	*112.6	*112.2	102.6	—0.4	—0.1	+ 9.3
Semimanufactured articles	92.8	92.8	92.8	92.8	92.8	0	0	0
Manufactured products	*100.2	*100.2	*100.1	*100.1	99.7	0	+0.1	+ 0.5
All commodities other than farm products	*98.6	*98.6	*98.5	*98.5	97.9	0	+0.1	+ 0.7
All commodities other than farm products and foods	*97.5	*97.5	*97.4	*97.4	95.7	0	+0.1	+ 1.9

*Preliminary.

Non-Ferrous Metals—WPB Removes Zinc From Critical List—Lead Sales Show Increase

Editor's Note—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Oct. 14 stated: "The War Production Board, in its latest 'Materials Substitutions and Supply List,' issued Oct. 11, admits that many nonferrous metals and ferro-alloys now are in an easier position, but, it warns, this shift in the supply picture is not an indication that restrictions on their use can be lifted or that any of them will be available soon for general use. However, metal producers were favorably impressed on learning that zinc has been removed from Group I, covering items in insufficient supply for war demands, to Group II, which embraces materials in sufficient supply to meet war needs. The Canadian authorities stated last week that zinc is in an improved position and restrictions on use of the metal in Canada have been eased." The publication further went on to say in part as follows:

Copper

"Allocation of copper for November needs of consumers will take place in the next day or two, and the industry is set to move about the same tonnage as in recent months.

"In the latest supply list of WPB, issued during the last week, copper is retained in Group I, covering materials in insufficient supply for war needs.

"Weirton Steel is rolling brass. This step was taken because of labor shortages at brass plants and does not reflect lack of rolling capacity, copper experts hold.

Lead

"Sales of common lead for the last week were about 120% in excess of that in the week previous. Demand for lead has been holding up well, with the result that some in the industry are wondering whether domestic consumption now exceeds 65,000 tons a month. Producers submitted their regular reports to WPB on Oct. 13, covering production and supplies available, which will be used to determine the tonnage of foreign metal that are to be allotted for delivery next month at the meeting scheduled for Oct. 18.

"There were no price developments in lead last week.

Zinc

"The WPB issued a statement on Oct. 9 clarifying several provisions of amended Conservation Order M-11-a. The Zinc Division pointed out that Lend-Lease supplies of manufactured items containing zinc have been removed from the list of general exceptions, and, as a result of the change, processors are now required to include such material in their totals when figuring the amount of zinc to which they are entitled under percentage limitations. The order now specifies that percentages be based on uses, or end products. Allotments may be used at the rate of 15% each quarter. New percentage limitations restrict users to 60% of their 1941 consumption on all grades. Coin coatings used by the Treasury, and tokens, have been added to the list that permits limited use of zinc.

"Though WPB has been moving slowly in making more zinc available for civilian consumption, the Canadian authorities announced last week that the zinc position of the United Nations has been eased slightly. Consequently, use of zinc in galvanizing pipes up to and including 3 inches in diameter, and some adjustments in other Canadian quotas have been made. Use of zinc oxide as an ingredient of talcum powder, face cream, and other cosmetics is permitted in Canada for the first time since last in 1941. Munitions Minister Howe stated last week.

Tin

"Though Jesse Jones revealed recently that the total supply of tin on hand in the United States amounts to about 100,000 tons, the metal continues on the most critical list issued by WPB last week. Just as long as uncertainty exists about shipping conditions, controls on use of tin are not likely to be eased, the trade feels.

"Quotations for tin in the United States market continued unchanged last week. Straits quality tin for shipment, in cents per pound, was as follows:

	Oct.	Nov.	Dec.
Oct. 7	52.000	52.000	52.000
Oct. 8	52.000	52.000	52.000
Oct. 9	52.000	52.000	52.000
Oct. 11	52.000	52.000	52.000
Oct. 12		— Holiday —	
Oct. 13	52.000	52.000	52.000

"Chinese, or 99% tin, continues at 51.125¢ a pound.

Quicksilver

"Some dealers report that domestic producers appear to have calmed in the last week or so, believing that the supply situation is receiving careful attention in Washington and surplus production eventually will be taken care of under the stockpile program. Domestic production at present is believed to be well in excess of requirements. Output in Canada has been reduced in recent months, but greatly stimulated Mexican production remains near peak levels.

"Quotations for quicksilver in New York continued at $195@$197 per flask of 76 pounds.

Silver

"During the last week the silver market in London has been quiet, with the price unchanged at 23½d. an ounce troy.

"The New York Official for foreign silver and the Treasury's price were also unchanged at 44¾¢ and 35¢, respectively. The New York Official on domestic metal is 70⅝¢.

"Silver production from domestic mines, in terms of recoverable metal, was 3,169,565 ounces in July, against 3,786,467 ounces (revised) for June. Production during the first seven months this year totaled 24,972,306 ounces. Mine output of silver during all of 1942 was 54,090,765 ounces. Figures include Alaskan production."

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Hurdman Named To Treasury Committee

The Treasury Department announced on Oct. 10 the appointment of Frederick H. Hurdman, of Hurdman & Cranstoun, New York City certified public accountants, as a member of its Committee on Practice. The five-man committee supervises the "Treasury bar," which is composed of about 70,000 lawyers and accountants practicing before various Treasury agencies.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Oct. 18 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Oct. 2, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Oct. 2 (in round-lot transactions) totaled 1,133,772 shares, which amount was 16.86% of the total transactions on the Exchange of 3,363,760 shares. This compares with member trading during the week ended Sept. 25 of 1,530,088 shares, or 17.23% of total trading of 4,439,450 shares. On the New York Curb Exchange, member trading during the week ended Oct. 2 amounted to 247,250 shares, or 14.46% of the total volume on that exchange of 854,870 shares; during the Sept. 25 week trading for the account of Curb members of 402,255 shares was 15.65% of total trading of 1,284,920 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED OCT. 2, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	75,480	
‡Other sales	3,288,280	
Total sales	3,363,760	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	275,560	
Short sales	34,410	
‡Other sales	232,700	
Total sales	267,110	8.07
2. Other transactions initiated on the floor—		
Total purchases	187,430	
Short sales	15,000	
‡Other sales	129,320	
Total sales	144,320	4.93
3. Other transactions initiated off the floor—		
Total purchases	105,938	
Short sales	11,700	
‡Other sales	141,714	
Total sales	153,414	3.86
4. Total—		
Total purchases	568,928	
Short sales	61,110	
‡Other sales	503,734	
Total sales	564,844	16.86

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED OCT. 2, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	9,125	
‡Other sales	845,745	
Total sales	854,870	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	68,100	
Short sales	3,600	
‡Other sales	72,125	
Total sales	75,725	8.41
2. Other transactions initiated on the floor—		
Total purchases	18,555	
Short sales	400	
‡Other sales	17,175	
Total sales	17,575	2.11
3. Other transactions initiated off the floor—		
Total purchases	22,745	
Short sales	500	
‡Other sales	44,050	
Total sales	44,550	3.94
4. Total—		
Total purchases	109,400	
Short sales	4,500	
‡Other sales	133,350	
Total sales	137,850	14.46
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	35,756	
Total purchases	35,756	
Total sales	28,179	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Daily Average Crude Oil Production For Week Ended Oct. 9, 1943 Increased 62,800 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Oct. 9, 1943, was 4,390,300 barrels, an increase of 62,800 barrels over the preceding week and 533,550 barrels per day more than produced during the week ended Oct. 10, 1942. The current figure also exceeded the daily average figure as recommended by the Petroleum Administration for War for the month of October, 1943, by 17,400 barrels. Daily output for the four weeks ended Oct. 9, 1943, averaged 4,359,500 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,094,000 barrels of crude oil daily and produced 12,206,000 barrels of gasoline; 1,311,000 barrels of kerosine; 4,616,000 barrels of distillate fuel oil, and 7,795,000 barrels of residual fuel oil during the week ended Oct. 9, 1943; and had in storage at the end of that week 69,708,000 barrels of gasoline; 11,501,000 barrels of kerosine; 41,304,000 barrels of distillate fuel, and 66,585,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations October	*State Allowables Begin. Oct. 1	Actual Production Week Ended Oct. 9, 1943	Change from Previous Week	4 Weeks Ended Oct. 9, 1943	Week Ended Oct. 10, 1942
Oklahoma	318,000	325,000	†326,850	+ 1,050	326,300	365,850
Kansas	294,300	274,800	†265,600	— 6,650	282,700	276,300
Nebraska	1,800	----	†1,750	----	1,750	3,350
Panhandle Texas			88,100	—15,900	100,050	85,200
North Texas			138,300	— 2,300	140,000	140,000
West Texas			354,050	+20,550	338,650	206,000
East Central Texas			135,250	+ 4,050	132,100	90,400
East Texas			368,700	—11,300	377,150	362,000
Southwest Texas			288,150	+24,600	269,700	161,700
Coastal Texas			519,350	+34,050	493,800	304,000
Total Texas	1,871,300	‡1,884,429	1,891,900	+53,750	1,851,450	1,349,300
North Louisiana			81,500	----	81,700	97,700
Coastal Louisiana			279,000	+ 500	278,650	228,000
Total Louisiana	352,700	372,700	360,500	+ 500	360,350	325,700
Arkansas	77,000	75,401	78,450	+ 1,800	77,200	73,400
Mississippi	50,000		47,550	— 1,450	48,550	70,950
Illinois	207,500		235,900	+16,200	222,100	272,000
Indiana	13,800		14,150	+ 50	14,400	17,950
Eastern— (Not incl. Ill., Ind. and Ky.)	79,500		72,500	— 5,500	75,500	82,400
Kentucky	24,000		26,500	+ 3,850	25,350	11,200
Michigan	59,000		54,700	— 1,700	56,550	61,800
Wyoming	97,000		105,150	+ 3,350	103,550	90,100
Montana	23,000		21,400	----	21,450	21,800
Colorado	7,000		7,350	+ 350	7,250	6,950
New Mexico	111,000	111,000	109,350	----	109,350	97,900
Total East of Calif.	3,586,900		3,619,600	+65,600	3,583,800	3,126,950
California	786,000	§786,000	770,700	— 2,800	775,700	729,800
Total United States	4,372,900		4,390,300	+62,800	4,359,500	3,856,750

*P.A.W. recommendations and state allowables, as shown above, represent the production of Crude Oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Oct. 7, 1943.

‡This is the net basic allowable as of Oct. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 8 days, the entire state was ordered shut down for 9 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 9 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED OCT. 9, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

	Daily Refining Capacity		Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis					
District—	Potential Rate	% Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	2,093	85.6	5,819	30,945	19,620	18,878
Appalachian—								
District No. 1	130	83.9	87	66.9	270	1,489	789	263
District No. 2	47	87.2	45	95.7	139	731	79	150
Ind., Ill., Ky.	824	85.2	717	87.0	2,574	13,573	6,109	3,189
Okla., Kans., Mo.	416	80.1	334	80.3	1,254	6,115	2,379	1,532
Rocky Mountain—								
District No. 3	8	26.9	8	100.0	31	65	25	32
District No. 4	139	57.7	92	66.2	283	1,100	426	694
California	817	89.9	718	87.9	1,836	15,690	11,877	41,847
Tot. U. S. B. of M. basis Oct. 9, 1943	4,825	86.4	4,094	84.8	12,206	†69,708	41,304	66,585
Tot. U. S. B. of M. basis Oct. 2, 1943	4,825	86.4	4,159	86.2	12,414	70,128	¶40,898	66,407
U. S. Bur. of Mines basis Oct. 10 1942			3,765		11,503	77,406	46,161	78,838

*At the request of the Petroleum Administration for War. †Finished, 59,676,000 barrels; unfinished, 10,032,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,311,000 barrels of kerosine, 4,616,000 barrels of gas oil and distillate fuel oil and 7,795,000 barrels of residual fuel oil produced during the week ended Oct. 9, 1943, which compares with 1,460,000 barrels, 4,566,000 barrels and 8,483,000 barrels, respectively, in the preceding week, and 1,334,000 barrels, 4,258,000 barrels and 7,054,000 barrels, respectively, in the week ended Oct. 10, 1942. ¶Revised in "Combined Area" due to misunderstanding on part of reporting company.

Finland Signs Debt Pact

Hjalmar J. Procope, Minister of Finland, and Acting Secretary of the Treasury Daniel W. Bell on Oct. 14 executed an agreement under which the Republic of Finland will undertake to pay the sum of $845,287.24 to the United States, in 20 equal annuities payable in semi-annual instalments. The Treasury Department announcement added:

"The sum of $845,287.24 was payable by Finland to the United States during the period from Jan. 1, 1941, to Dec. 31, 1942, but was postponed under a joint resolution of Congress approved on June 12, 1941.

"The amounts postponed were as follows:

Date Payable	Funding Agreement of May 1, 1923— Principal	Interest	Agreement of May 23, 1932	Agreement of May 1, 1941	Total
June 15, 1941	------	$139,037.50	$19,030.50	$13,695.06	$171,763.06
December 15, 1941	$79,000	139,037.50	19,030.50	13,695.06	250,763.06
June 15, 1942	------	137,655.00	19,030.50	13,695.06	170,380.56
December 15, 1942	82,000	137,655.00	19,030.50	13,695.06	252,380.56
Total	$161,000	$553,385.00	$76,122.00	$54,780.24	$845,287.24

"Under the terms of the agreement, Finland is required to pay annually $42,264.36. These payments are to be made in two instalments of $21,132.18 on June 15 and on Dec. 15. The first payment under this agreement will be due on June 15, 1945."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Oct. 18 a summary for the week ended Oct. 9 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Oct. 9, 1943

	Total for Week
Odd-Lot Sales by Dealers: (Customers' purchases)	
Number of orders	15,964
Number of shares	436,137
Dollar value	16,866,332
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	198
*Customers' other sales	15,918
Customers' total sales	16,116
Number of Shares:	
Customers' short sales	4,593
*Customers' other sales	386,574
Customers' total sales	391,167
Dollar value	13,778,772
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	130
†Other sales	106,510
Total sales	106,640
Round-Lot Purchases by Dealers—	
Number of shares	136,350

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Landis Becomes Middle East Supply Aide

James M. Landis, who recently resigned as Director of the Office of Civilian Defense in order to accept President Roosevelt's appointment as "American Director of Economic Operations in the Middle East and principal American Civilian Representative at the Middle East Supply Center with the personal rank of Minister," began his new duties in Cairo, Egypt, on Oct. 6.

Mr. Landis, who is on leave of absence as Dean of the Harvard Law School, had directed the OCD since February, 1942.

The White House announcement said Mr. Landis will be assigned to our legations in the Middle East as Special Assistant to the Minister to facilitate his duties in connection with his work in Cairo and the area serviced by the Middle East Supply Center.

Edw. McTague Elected To Management Society Post

Edward A. McTague has been appointed to the new post of Executive Director of the Society for the Advancement of Management, according to an announcement by Percy S. Brown, President of that international organization. Prior to his appointment, Mr. McTague was Director of the Philadelphia Chapter of the Society, and for seven years maintained his own office in that city as a management consultant. He also served as sales promotion manager of the American Radiator Co.

The Society, whose headquarters are at 29 West 39th Street, New York, has chapters in 23 cities, in addition to its Canadian chapter and its memberships in South America, Asia, Australia and Europe. "The post which Mr. McTague's appointment fills," Mr. Brown said, "was created because of the growth of projects involving industry and government agencies in connection with war production, as well as the development of our post-war planning work, which will include revival of chapters in occupied Europe."

Revenue Freight Car Loadings During Week Ended Oct. 9, 1943 Fell Off 4,367 Cars

Loading of revenue freight for the week ended Oct. 9, 1943, totaled 906,276 cars, the Association of American Railroads announced on Oct. 14. This was a decrease under the corresponding week of 1942 of 2,974 cars, or 0.3%, but an increase above the same week in 1941 of 2,399 cars or 0.3%.

Loading of revenue freight for the week of Oct. 9 decreased 4,376 cars, or 0.5% below the preceding week.

Miscellaneous freight loading totaled 401,237 cars, a decrease of 5,383 cars below the preceding week, and a decrease of 31,712 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 102,843 cars, an increase of 604 cars above the preceding week, and an increase of 10,067 cars above the corresponding week in 1942.

Coal loading amounted to 179,333 cars, an increase of 61 cars above the preceding week, and an increase of 12,175 cars above the corresponding week in 1942.

Grain and grain products loading totaled 59,521 cars, an increase of 6,026 cars above the preceding week, and an increase of 8,448 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of Oct. 9 totaled 41,087 cars, an increase of 3,776 cars above the preceding week and an increase of 6,743 cars above the corresponding week in 1942.

Live stock loading amounted to 22,059 cars, a decrease of 1,449 cars below the preceding week, and a decrease of 449 cars below the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of Oct. 9, totaled 17,759 cars, a decrease of 1,249 cars below the preceding week, and a decrease of 440 cars below the corresponding week in 1942.

Forest products loading totaled 45,472 cars, a decrease of 469 cars below the preceding week and a decrease of 4,002 cars below the corresponding week in 1942.

Ore loading amounted to 81,099 cars, a decrease of 3,566 cars below the preceding week but an increase of 2,243 cars above the corresponding week in 1942.

Coke loading amounted to 14,712 cars, a decrease of 191 cars below the preceding week, but an increase of 256 cars above the corresponding week in 1942.

All districts reported increases compared with the corresponding week in 1942, except the Southern, Northwestern, Centralwestern, and Southwestern. All districts reported decreases compared with 1941 except the Northwestern, Centralwestern and Southwestern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
5 weeks of May	4,149,708	4,170,548	4,160,060
4 weeks of June	3,151,146	3,385,655	3,510,057
5 weeks of July	4,307,406	4,185,135	4,295,457
4 weeks of August	3,554,446	3,487,905	3,581,350
4 weeks of September	3,545,823	3,503,383	3,540,210
Week of October 2	910,643	907,286	917,896
Week of October 9	906,276	909,250	903,877
Total	33,321,616	34,056,360	33,089,522

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 9, 1943. During this period 58 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED OCT. 9

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	264	317	566	1,498	1,341
Bangor & Aroostook	1,395	1,332	1,245	194	186
Boston & Maine	6,895	6,252	9,047	15,486	13,690
Chicago, Indianapolis & Louisville	1,444	1,479	1,591	2,153	2,103
Central Indiana	54	45	26	30	41
Central Vermont	1,174	1,075	1,506	2,714	2,547
Delaware & Hudson	6,297	6,259	7,562	11,378	11,069
Delaware, Lackawanna & Western	7,705	7,486	9,729	11,440	10.627
Detroit & Mackinac	289	839	502	115	405
Detroit, Toledo & Ironton	1,929	1,736	2,366	1,231	1,183
Detroit & Toledo Shore Line	302	367	406	2,276	3,045
Erie	13,800	12,428	16,447	20,270	16,741
Grand Trunk Western	3,761	4,432	5,148	7,907	8,242
Lehigh & Hudson River	205	176	217	2,524	2,738
Lehigh & New England	2,139	1,713	2,238	1,867	1,908
Lehigh Valley	8,916	8,207	10,120	15,575	12,814
Maine Central	2,432	2,461	3,221	3,037	3,080
Monongahela	6,218	6,125	7,101	481	420
Montour	2,323	2,407	2,073	40	27
New York Central Lines	54,580	49,893	52,461	55,743	56,237
N. Y., N. H. & Hartford	9,904	9,636	12,631	20,375	17,661
New York, Ontario & Western	*1,328	1,137	1,283	*2,396	2,456
New York, Chicago & St. Louis	7,100	8,298	7,023	17,531	15,962
N. Y., Susquehanna & Western	683	422	526	2,223	2,007
Pittsburgh & Lake Erie	7,907	7,870	9,085	8,155	9,294
Pere Marquette	5,557	5,792	6,315	7,391	7,010
Pittsburg & Shawmut	1,130	779	669	10	16
Pittsburg, Shawmut & North	409	418	421	316	210
Pittsburgh & West Virginia	1,165	1,031	1,277	2,974	3,280
Rutland	385	403	615	1,104	933
Wabash	6,851	6,166	5,946	13,979	12,460
Wheeling & Lake Erie	5,516	5.668	5,390	4,448	4,864
Total	170,058	162,649	184,753	236,861	224,597
Allegheny District—					
Akron, Canton & Youngstown	830	733	725	1,286	1,062
Baltimore & Ohio	44,859	40,384	41,447	29,423	28,125
Bessemer & Lake Erie	6,081	6,855	5,847	1,863	2,640
Buffalo Creek & Gauley	305	336	313	4	3
Cambria & Indiana	1,758	1,862	2,001	8	5
Central R. R. of New Jersey	7,102	7,344	8,492	21,738	20,654
Cornwall	674	718	732	72	52
Cumberland & Pennsylvania	229	244	295	11	20
Ligonier Valley	143	131	135	37	55
Long Island	1,543	1,365	899	3,937	3,591
Penn-Reading Seashore Lines	1,988	1,960	1,774	2,833	2,005
Pennsylvania System	86,146	84,827	88,152	62,697	68,849
Reading Co.	15,324	15,517	17,563	28,463	28,189
Union (Pittsburgh)	21,223	21,156	19,963	8,148	8,060
Western Maryland	4,065	3,888	4,449	12,220	12,802
Total	192,270	187,320	192,787	172,740	176,112
Pocahontas District—					
Chesapeake & Ohio	28,656	28,038	30,232	15,209	13,563
Norfolk & Western	22,369	22,448	25,324	6,863	8,187
Virginian	4,525	4,530	4,684	2,527	2,498
Total	55,550	55,016	60,240	24,599	24,248

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Southern District—					
Alabama, Tennessee & Northern	329	314	380	423	331
Atl. & W. P.—W. R. R. of Ala.	717	779	901	2,805	2,780
Atlanta, Birmingham & Coast	707	769	854	1,102	1,267
Atlantic Coast Line	10,897	10,848	11,115	9,785	11,218
Central of Georgia	3,866	4,276	4,861	4,751	5,034
Charleston & Western Carolina	431	382	472	1,337	1,495
Clinchfield	1,676	1,800	1,768	2,675	2,664
Columbus & Greenville	353	566	394	189	268
Durham & Southern	144	122	214	651	664
Florida East Coast	1,075	865	422	1,381	1,325
Gainesville Midland	49	39	41	105	108
Georgia	1,188	1,460	1,467	3,285	3,015
Georgia & Florida	402	360	535	572	460
Gulf, Mobile & Ohio	4,329	4,687	4,313	4,546	5,016
Illinois Central System	30,359	32,205	28,388	17,685	17,948
Louisville & Nashville	25,873	25,827	27,064	12,592	11,699
Macon, Dublin & Savannah	180	240	185	680	665
Mississippi Central	239	214	189	401	655
Nashville, Chattanooga & St. L.	3,714	3,837	3,839	4,784	4,991
Norfolk Southern	1,161	1,297	1,530	1,977	1,651
Piedmont Northern	382	321	512	1,265	1,254
Richmond, Fred. & Potomac	425	597	389	9,698	10,004
Seaboard Air Line	9,911	10,116	10,575	8,908	8,991
Southern System	23,508	24,170	26,181	24,138	24,810
Tennessee Central	553	540	500	914	1,159
Winston-Salem Southbound	154	130	173	983	1,039
Total	122,622	126,761	127,262	117,632	120,511
Northwestern District—					
Chicago & North Western	23,340	22,974	22,598	15,978	15,723
Chicago Great Western	3,168	2,522	2,981	3,526	3,848
Chicago, Milw., St. P. & Pac.	23,816	23,293	23,964	11,821	11,062
Chicago, St. Paul, Minn. & Omaha	4,317	3,943	4,291	4,605	4,903
Duluth, Missabe & Iron Range	28,166	28,116	21,284	191	339
Duluth, South Shore & Atlantic	1,095	992	1,038	571	1,076
Elgin, Joliet & Eastern	8,633	10,410	9,993	11,316	11,021
Ft. Dodge, Des Moines & South	498	551	583	94	121
Great Northern	28,720	29,240	25,400	5,910	5,793
Green Bay & Western	660	572	640	1,081	776
Lake Superior & Ishpeming	1,750	2,263	1,960	37	48
Minneapolis & St. Louis	2,633	2,421	2,172	2,864	3,236
Minn., St. Paul & S. S. M.	8,078	8,460	7,604	3,149	3,316
Northern Pacific	14,550	14,684	13,694	6,034	5,912
Spokane International	123	252	186	431	597
Spokane, Portland & Seattle	2,646	2,784	2,701	3,462	3,569
Total	152,193	153,477	141,089	71,070	71,340
Central Western District—					
Atch., Top. & Santa Fe System	23,635	24,928	24,004	14,984	14,214
Alton	3,260	3,640	3,100	4,030	4,954
Bingham & Garfield	487	515	673	89	91
Chicago, Burlington & Quincy	21,897	23,122	18,817	13,166	13,475
Chicago & Illinois Midland	3,066	2,497	2,599	910	888
Chicago, Rock Island & Pacific	12,709	13,378	13,422	13,002	13,537
Chicago & Eastern Illinois	2,702	3,098	2,842	5,851	4,568
Colorado & Southern	1,240	1,230	1,033	2,793	2,066
Denver & Rio Grande Western	4,801	5,335	4,720	5,854	7,227
Denver & Salt Lake	551	1,026	1,054	17	14
Fort Worth & Denver City	1,497	1,502	1,141	1,804	1,732
Illinois Terminal	2,096	1,970	1,906	2,243	2,128
Missouri-Illinois	1,189	1,385	1,044	494	631
Nevada Northern	2,013	2,219	2,046	142	109
North Western Pacific	1,152	1,151	1,402	772	729
Peoria & Pekin Union	10	19	17	0	0
Southern Pacific (Pacific)	32,631	33,595	32,873	14,761	11,554
Toledo, Peoria & Western	329	394	357	1,828	2,368
Union Pacific System	20,457	21,027	21,446	18,657	19,142
Utah	609	687	564	6	2
Western Pacific	2,234	2,480	2,140	5,020	5,255
Total	138,565	145,198	137,200	106,423	104,684
Southwestern District—					
Burlington-Rock Island	350	804	183	168	297
Gulf Coast Lines	5,642	4,700	3,339	3,143	2,077
International-Great Northern	2,486	3,974	1,968	3,502	2,747
Kansas, Oklahoma & Gulf	261	423	193	1,183	1,090
Kansas City Southern	5,734	5,157	2,840	2,977	2,669
Louisiana & Arkansas	3,108	3,637	2,511	2,559	2,213
Litchfield & Madison	326	258	356	1,558	1,170
Midland Valley	699	946	765	304	203
Missouri & Arkansas	170	225	220	496	378
Missouri-Kansas-Texas Lines	6,286	5,992	5,119	6,341	5,516
Missouri Pacific	18,323	20,411	18,133	19,320	21,543
Quanah Acme & Pacific	72	101	78	279	266
St. Louis-San Francisco	9,660	10,416	9,704	10,724	8,683
St. Louis Southwestern	3,166	3,627	3,299	6,538	6,352
Texas & New Orleans	13,625	13,307	7,550	5,413	4,729
Texas & Pacific	4,990	4,676	4,142	6,563	8,184
Wichita Falls & Southern	99	153	133	52	26
Weatherford M. W. & N. W.	21	22	13	27	13
Total	75,018	78,829	60,546	71,147	68,156

*Previous week's figures.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
July 3	179,835	144,232	580,683	92	93
July 10	111,912	100,115	573,342	69	93
July 17	151,993	140,803	587,181	91	93
July 24	136,881	148,852	572,786	97	93
July 31	153,646	150,337	571,705	97	93
Aug. 7	177,541	146,515	600,338	94	93
Aug. 14	143,629	154,747	586,901	98	93
Aug. 21	133,446	150,012	568,361	95	93
Ang. 28	148,381	147,494	570,859	96	93
Sept. 4	177,766	150,943	598,255	97	93
Sept. 11	121,125	126,427	589,323	83	93
Sept. 18	153,708	157,082	583,714	98	93
Sept. 25	144,100	151,725	558,633	96	93
Oct. 2	164,954	152,479	579,800	97	93
Oct. 9	156,808	148,574	589,417	94	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Food Distribution Plans Announced

The War Food Administration announced on October 14 plans for food distribution which would give preference to industrial workers, said a United Press advice from Washington, on October 14, which also had the following to say about the plan:

"The WFA set up a special inter-agency committee to administer the program and 'provide food needed by industrial workers to assure the highest efficiency in production.'

"The WFA said industrial feeding, the provision of food on the job, is 'believed to be the most practical method of food distribution and control to assure adequate consumption of food by industrial workers, and will, in most instances, meet any need for increased ration allowances.'

"The new committee will recommend and advise on over-all policies affecting development of the industrial feeding program, and the WFA will coordinate the activities of all Federal agencies relating to the program.

"The WFA said the program is based on 'recognition of the need for supplying sufficient amounts of food in the proper variety to meet physiological requirements of workers.' It was agreed, it said, that such requirements generally cannot be met through institutional eating places.

" 'Expansion of industrial feeding is considered necessary because of frequently inadequate community restaurant and food shopping services, frequently unsatisfactory home food preparation facilities, increasing employment of women in industry, and problems of food administration,' the WFA said.

"Primary responsibility for administration is lodged with the Food Distribution Administration, whose industrial nutrition representatives will cooperate with labor and management in installation of in-plant food services.

"The War Production Board will prepare a program for materials, equipment and operating supplies based on requirements submitted by the WFA and will give priorities on applications for equipment and operating supplies.

"The Office of Price Administration will provide sufficient rationed foods, be responsible for maintaining reasonable prices, and determine the circumstances and methods under which supplemental food allotments will be provided.

"The War Manpower Commission will determine manpower requirements, and on recommendations from the WFA and WPB be responsible for recruitment and training programs."

Lumber Movement—Week Ended October 9, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 462 mills reporting to the "National Lumber Trade Barometer" were 1.3% below production for the week ended Oct. 9, 1943. In the same week new orders of these mills were 12.7% greater than production. Unfilled order files in the reporting mills amounted to 104% of stocks. For reporting softwood mills, unfilled orders are equivalent to 41 days' production at the current rate, and gross stocks are equivalent to 37 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 9.3%; orders by 10%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 13.7% greater; shipments were 14.9% greater, and orders were 30.4% greater.

Items About Banks, Trust Companies

Paul Windels, partner in the law firm of Spence, Windels, Walser, Hotchkiss & Angell, and formerly Corporation Counsel of New York City, has been elected a Trustee of the Bowery Savings Bank, New York City.

Theodore T. Neilson, Manager of the Lincoln Square branch of the Corn Exchange Bank Trust Co., New York City, died on October 12 at the Medical Center in New York. He was 67 years old. Mr. Neilson's banking career extended over 50 years, 20 of which he was Manager of the former Colonial Bank.

Eugene W. Stetson, President of the Guaranty Trust Company of New York, has announced the appointment of William Towson Taylor as Vice-President Mr. Taylor has just resigned as President of the Union Trust Company of Springfield, Mass., to become effective Jan. 1, 1944, to accept his appointment with the Guaranty Trust Company. He will be associated with the company's banking relationships in Pennsylvania, Ohio and West Virginia. Mr. Taylor was graduated from Columbia College in 1921 with the degree of A. B. and from Columbia Law School in 1923 with the degree of LL. B. For about a year after his admission to the Bar in 1923, Mr. Taylor engaged in general practice of law with O'Brien, Boardman, Parker & Fox, in New York City. During the years from 1924 to 1928, he was Assistant to the Dean and Secretary of the Faculty of Law of Columbia University. From 1928 to 1941, Mr. Taylor was Vice-President of the Commercial National Bank & Trust Company of New York, and since Feb. 1, 1941, he has been President of the Union Trust Company of Springfield, Mass.

Mr. Taylor received the decoration of Chevalier de L'Ordre de la Couronne of Belgium for activity in connection with the reconstruction of the library of the University of Louvain. He is a Director of the Lincolnsfield Mills Corp.; a member of the Executive Council, Massachusetts Bankers Association; Chairman of Massachusetts Region No. 4 United States Treasury War Finance Committee; member of the Banking Division of the National Industrial Information Committee; Corporator of the Hampden Savings Bank, Springfield, Mass.; member of the Board of Trustees of Springfield College; Vice-President and Director of the Springfield Chamber of Commerce, and has various other affiliations.

Nathan S. Jonas, of Brooklyn, N. Y., retired Chairman of the Board of the Manufacturers Trust Co., New York City, died on October 17. Mr. Jonas, who was 75, was widely known for his philanthropies, and was a leader in civic affairs. His banking career began in 1905 when he helped organize the Citizens Trust Co., of Brooklyn, serving as its first President.

From the Brooklyn "Eagle" of October 18 we take the following:

"The Manufacturers Trust Company was the outgrowth of the humble Citizens Trust Company, the realization of a well-conceived and definite plan of expansion.

"Mr. Jonas' plan was not to open new branches which would have to build up new clienteles in face of keen competition. He determined to wait patiently until he could purchase established banks which for one reason or another had come on the market.

"The first merger was that in 1912 of the Broadway Trust Company with $4,000,000 resources and the Citizens Trust Company, with resources of only $2,000,000. Next came the merger with the Manufacturers National Bank of Brooklyn, at which time the name was changed to Manufacturers Trust Company. In 1929 Mr. Jonas became Chairman of the Board.

"For a time in 1930 negotiations for merger of the Manufacturers with the Bank of United States, the Public National Bank & Trust Co. and the International Trust Company were conducted, but the deal never culminated.

"The end of his control of the bank came in 1931, when it was suddenly announced that the working control of the Manufacturers Trust Company had passed to a group headed by Harvey D. Gibson.

"Mr. Gibson became President in January, 1931. Mr. Jonas resigned as Chairman of the Board in August, 1931, and soon after ended his connection with the financial institution he had created."

The philanthropies of Mr. Jonas included founding the Jewish Hospital and the Brooklyn Federation of Charities.

James O. Hagen, a Director and member of the Finance Committee of the Suffolk County Trust Co., Riverhead, L. I., died on October 10 at the Columbia Presbyterian Medical Center, New York City. He was 62 years old.

Two new directors, Arthur C. Hoyt and Wilfred L. Richardson, were elected at a meeting of the Board of Directors of the County Trust Company of White Plains, N. Y., held October 13. Mr. Hoyt was formerly President and a director of the First National Bank of Pleasantville and formerly Secretary-Treasurer of the Johns Manville Corp. Presently, he is President and a director of R. S. McMannus Steel Corp. of Buffalo and also Vice-President, Treasurer, and director of Vapyre Corp., a bottle gas manufacturing concern at Brewster. Mr. Richardson was associated for over 30 years with the First National Bank of New York, specializing in loans and credits and more recently was Vice-President and director of the First National Bank of Pleasantville.

The Manufacturers & Traders Trust Co., Buffalo, N. Y., announces the addition of George A. Newbury, Edward W. Miller and John N. Garver to its Board of Directors. Mr. Newbury, a Buffalo attorney, has been legal counsel for the bank for a number of years, while Mr. Miller and Mr. Garver are Vice-Presidents of the bank.

Arthur P. Bartholomew, Secretary-Treasurer of the Eastman Savings & Loan Association, Rochester, and a member of the New York State Banking Board, died on October 10 at his home in Rochester. He was 62 years old. Mr. Bartholomew had served on the State Banking Board since his appointment by Governor Lehman in October, 1942. He was renamed by Governor Dewey. Mr. Bartholomew had a long and successful career in the savings and loan business. In January, 1921, he was instrumental in organizing the Eastman Savings and Loan Association of Rochester, a part of the Eastman Kodak Co. As Secretary-Treasurer and Managing Director, he guided the destinies of the Association. Mr. Bartholomew was prominent in local financial and civic circles, having served as President of the Monroe County League of Savings and Loan Associations and as President of Group Two of the New York State League of Savings and Loan Associations.

The Glenville Bank, Scotia, N. Y., has received permission from the State Banking Department to increase its capital stock from $75,000, consisting of 3,000 shares having a par value of $25 each, to $100,000, consisting of 4,000 shares with a par value of $25 each.

At a meeting of the Board of Directors of the State Street Trust Company of Boston held October 18, Ernest W. Lay, Auditor of the bank for several years, was elected Treasurer to succeed the late Walter F. Pickett, and C. Wendell Holmes, Assistant Treasurer, was promoted to Audtor.

Alfred L. Ripley, Chairman of the Board and former President of the Merchants National Bank of Boston and active in banking circles for more than 50 years, died on October 13 at his home in Andover, Mass. He was 84 years old. A native of Hartford, Conn., Mr. Ripley was a Professor of Latin and German at Yale University in 1888, from which he was graduated 10 years earlier. The following additional information regarding his career was reported in the Boston "Herald" of October 14:

"He gave up teaching in 1890 to go into banking with the Hide and Leather Bank in Boston, of which his father was President. When the bank merged with the State National Bank, he became President of the new organization.

"After another merger, with the Merchants National Bank, Mr. Ripley became Vice-President, and in 1917, President, until his resignation in 1929, when he was made Chairman of the Board, a position he held at the time of his death.

"From 1923 to 1931 he was President of the Boston Clearing House Association, and from 1923 to 1937 he was a Director of the Federal Reserve Bank of Boston.

"Mr. Ripley also was Trustee and Vice-President of the Provident Institution for Savings, Trustee of William Underwood Co. and Director of the Franklin Company

"He was Trustee and President of the Board of Trustees of Phillips Academy for many years. In 1900, he became a member of the Prudential Committee of Yale University, and in 1905 a member of the Finance Committee.

Charles A. Rathbone, Cashier of the Haverhill (Mass.) National Bank, and Treasurer of the Community Chest and National War Fund Drive, died suddenly on October 9 at Pine Point, Maine, where he had gone on a vacation. Mr. Rathbone, who was born at Norwich, Conn., was 61 years of age. He was a President of the Boston Chapter of the American Institute of Banking and had served for three years on the National Executive Committee of that organization. According to Haverhill newspaper advices, which also stated:

He was with the State National and Merchants National banks of Boston for 12 years, later becoming Treasurer of the Norwood Trust Co., a position he held for two years. After a short tenure of office with the First and Old Detroit National Bank, Detroit, Mich., he returned to New England, in 1919, as Assistant Cashier of the First National Bank of Haverhill. He was made Cashier in 1920. When that bank failed to open after the bank holiday in 1933 he was placed in charge of the bank as conservator by the Comptroller of Currency. He closed up the affairs of the First National Bank when the final portion of a 43¼% dividend was paid to shareholders who paid an assessment on their stock.

He joined the staff of the Haverhill National Bank in 1933. He became Cashier July 1, 1940, succeeding Otis E. Little.

He was Secretary-Treasurer of the Merrimack Valley Clearing Association.

Stockholders of the Mechanics National Bank, Providence, R. I., voted on October 19 to place the bank in voluntary liquidation and the Industrial Trust Co., Providence, has arranged to purchase the assets and assume the liabilities.

Shirley Harrington, President of the 120-year-old Mechanics National, explained that for some time the Industrial Trust has owned more than two-thirds of the $500,000 capital stock of the Mechanics. The June 30, 1943, statement listed total resources in excess of $8,709,000 and deposits of over $7,978,000.

According to the Providence "Journal" the Mechanics National Bank will continue existence as a corporate entity to liquidate remaining assets for the benefit of stockholders.

The same paper reports Mr. Harrington as stating in a letter to stockholders that if liquidation is approved, it is possible on the basis of the June 30 statement of condition that stockholders will ultimately receive about $36.50 per share for their holdings. Par value is $25 a share.

Ralph W. Chapin, Secretary of the State Savings Bank, Hartford, has been elected President of the Mutual Savings Bank Association of Connecticut. Other officers elected were: Vice-President, Grosvenor Ely, President of Chelsea Savings Bank of Norwich; Secretary, William J. Lum, Secretary-Treasurer of the Dime Savings Bank of Wallingford, and Treasurer, Jesse B. Stinon, Groton Savings Bank of Mystic.

Dean H. Travis, Assistant Vice-President of the Manufacturers Trust Co., New York City, has been elected President and a Director of the First National Bank & Trust Co., Summit, N. J. Mr. Travis, who has been an officer of the Manufacturers Trust for the last 11 years, succeeds the late William Durling. Mr. Durling's death was referred to in our issue of April 29, page 1608.

Charles A. Conrad, Vice-President of the Carteret (N. J.) Bank & Trust Co., died on October 13 at his home in Carteret. Mr. Conrad was one of the founders of the bank in 1923 and also served as a Director of the institution. He was also President and Director of the Carteret Building and Loan Association and First Vice-President and Director of the United Roosevelt Savings and Loan Association.

Stockholders of the Tradesmen's National Bank, Conshohocken, Pa., on October 11 voted approval of a plan of voluntary liquidation. In the Philadelphia "Inquirer" of October 12, the following was also reported:

Assets of the bank will be purchased at face value by the First National Bank of Conshohocken, a competitive organization, and by October 30 the Tradesmen's entire business will have been absorbed by the First National, it was announced.

The Tradesmen's National, a 60-year-old institution, has listed capital of $100,000, a surplus of $250,000 and a reserve of $3,348,-820.85.

Davitt S. Bell has been elected a Director in the Farmers Deposit National Bank of Pittsburgh, Pa., according to announcement made October 19 by Arthur E. Braun, President. Mr. Bell is President of the Edgewater Steel Company.

The Lake Shore Trust and Savings Bank, Chicago, which has operated under a State charter since it was founded in 1920, will become a national bank November 30 and change its name to Lake Shore National Bank, Joseph R. Frey, President, announced on October 11.

The following regarding the change is from the Chicago "Tribune" of October 12:

After the change is made the bank expects to distribute in December a dividend of 25% in stock, the effect of which will be to increase the common capital from $400,000 to $500,000. At the same time the bank expects to retire $200,000 of capital debentures held by the Reconstruction Finance Corporation. After completion of these changes the bank will have total capital funds of approximately $1,200,000, made up of $500,000 of capital, $500,000 of surplus, and $200,000 of undivided profits. The proposed dividend action is conditional on no change being made before the year-end in the present tax exempt status of stock dividends.

Issuance of the National charter has been approved by the Controller of the Currency, and the conversion is expected to be ratified by stockholders November 10. The change has already been approved by the bank's directors.

"It is felt that the depositors will welcome a National charter," Mr. Frey said. "The conversion will mean no inconvenience for customers. Our present passbooks, records, forms, and checkbooks will be used up before new supplies carrying the new name are issued. Trust powers of the present State bank will be retained under the new charter."

There will be no change in the present officers and directors of the bank, which is located at 605 North Michigan Avenue. Deposits now total $27,000,000, having increased $24,000,000 in the last 10 years.

Percival W. Trudeau has been elected a Vice-President of the Industrial National Bank of Chicago, and will be attached to the bank's Commercial Department. Mr. Trudeau, widely known in banking circles, has been in the Administrative Loan Division of the Reconstruction Finance Corporation, and was formerly associated with the Equitable Trust Company of New York and the Foreman State National Bank of Chicago. Mr. Trudeau, who lives in Winnetka, is a charter member of the Robert Morris Associates.

The Board of Directors of the Mercantile National Bank at Dallas, Tex., announced on October 15 the election of S. Marcus Greer to the office of Vice-President.

Suggests 4-Pt. Program For Savings Banks

A four-point program for savings banks to follow was called for by Myron S. Short, President of the Savings Banks Association of New York, in his address opening the 50th annual meeting of that organization at the Lake Placid Club on October 12.

The savings banks, Mr. Short said, should do everything in their power:

"1. To make certain that a large part of excess earnings are brought into them for deposit and investment in War Bonds.

"2. To take the necessary and proper steps within our power to bring about a reduction in the cost particularly of State and local governments.

"3. To prepare for the post-war period; first, by putting our own houses in order; second, by day-to-day planning, and third, by keeping abreast of constantly changing policies of Government and shifting trends in public opinion.

"4. To remove the mortgage moratorium as a discriminatory and unnecessary burden."

Houston Elected To Bankers Club Board

Frank K. Houston, President of the Chemical Bank & Trust Co. of New York, was elected a governor of the Bankers Club of America, at the annual meeting on Oct. 5 in New York City. He succeeds Percy H. Johnston, Chairman of the Board of the Chemical Bank & Trust Co., who retired from the club's board.